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# ***Daily Report***

## **East Asia**

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3 January 1995

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# Daily Report

## East Asia

FBIS-EAS-95-001

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## Japan

### Murayama Contracts Flu; U.S. Trip Not Affected

OW0201110695 Tokyo KYODO in English 1042 GMT  
2 Jan 95

[FBIS Transcribed Text] Hakone, Japan, Jan. 2 KYODO—A flu forced Prime Minister Tomiichi Murayama on Monday [2 January] to drop plans with Foreign Minister Yohei Kono to watch the annual Tokyo-Hakone Intercollegiate Ekiden Road Relay.

Aides said Murayama, 70, has a runny nose but does not require hospitalization. Murayama is spending his new year holidays in this mountain resort of Hakone, Kanagawa Prefecture.

They said the premier caught a cold after an exhaustive year-end holiday trip to his native Oita Prefecture.

Murayama is recovering and there are no signs his trip to the United States from Jan. 10 to 13 would be affected by his temporary illness, the aides said.

### Murayama on Talks With Clinton

OW0301143595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Jan 95 Morning Edition p 1

[FBIS Translated Text] Prime Minister Tomiichi Murayama has firmed up his strategy regarding the summit meeting with U.S. President Bill Clinton scheduled for 11 January in Washington. In consideration of the fact that this year will mark the 50th anniversary of the end of World War II, Murayama plans to propose the idea of a "New Japanese-U.S. Century," the pillar of which will be cooperation in the Asia-Pacific region, with the prime objective being rebuilding Japanese-U.S. relations, which have been under the stress of bilateral economic frictions, and establishing a new cooperative relationship between the two nations in view of the 21st century. Regarding specific topics, the prime minister plans to announce the following intentions of the Japanese Government: 1) To cooperate in efforts to promptly establish the Korean Energy Development Organization (KEDO) in regard to the issue of providing aid to the project to help convert the DPRK's graphite-moderated nuclear reactors to light-water reactors, and "to bear the appropriate burden" regarding funds required for the project; and 2) to promote further deregulation toward resolving the bilateral trade imbalance. Murayama also plans to confirm with Clinton the importance of the role that the Japanese-U.S. Security Treaty plays in contributing to peace and stability in the Asia-Pacific region.

### Focus on Aid to North Korea, Other Issues

In the upcoming summit, Murayama plans to emphasize reconfirming the cooperative relations between Japan and the United States by focusing attention on the dynamic aspects of the two nations' relationship, such as the importance of the bilateral security arrangement and the sharing of common values concerning the concept of

freedom and democracy. Ever since the inauguration of the Clinton administration, Japanese-U.S. relations have been marred by economic issues, with the trade imbalance as a backdrop. Last September, however, a partial agreement was reached in the bilateral framework trade talks. As a result, economic confrontation between the two nations has subsided somewhat, and Murayama therefore has determined that "this will be a good opportunity to normalize" the two nations' relationship by changing over from a relationship that focuses primarily on economic issues to one in which attention will be given to political and economic affairs in a well-balanced manner.

With this year marking the 50th anniversary of the end of World War II, the possibility has been noted of the emergence of various forms of friction between Japan and the United States over the two nations' understanding and evaluation of the war, as exemplified by the recent controversy over a U.S. commemorative stamp that depicted an A-bomb explosion. Therefore, Murayama all the more wants to stress the importance of "building a Japanese-U.S. relationship that looks toward the future," an idea that envisions the 21st century, and to prevent in advance any possible frictions over war-related matters.

As for specific political tasks, the issue of converting the DPRK's nuclear reactors is expected to be the main topic of discussion, and Murayama plans to confirm with Clinton Japanese-U.S. cooperation toward the planned establishment of KEDO in February. In consideration of growing dissatisfaction in Congress concerning the latest U.S.-DPRK nuclear accords, Murayama plans to announce that Japan for its part will strongly urge North Korea to faithfully carry out the accords. In regard to the issue of the burden of funding for KEDO, Murayama plans to stress the need for broad international cooperation, including the EU's participation, and to announce that Japan for its part is prepared "to bear the appropriate burden."

Regarding economic affairs, Murayama plans to convey to Clinton that the Japanese Government intends to direct all its efforts toward tackling deregulation in order to help reduce its current account surplus and to expand the nation's domestic demand. The prime minister plans to explain to Clinton the Japanese Government's intention to afford foreign firms easier access to Japanese markets by incorporating effective measures in the "five-year deregulation project" to be compiled within FY 1994 and by reviewing regulations governing market access concerning a broad range of trade sectors such as transportation, communications, financial services, and housing and land.

As for the framework trade talks, Murayama plans to call for mutual efforts toward a prompt conclusion of the talks, and to praise the likelihood of the impending negotiations on automobiles and auto parts being resumed early in the year.



**Postponed Financial Framework Talks Reviewed***OW0301132995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Jan 95 Morning Edition p 3*

[By correspondent Satoru Tsugawa]

[FBIS Translated Text] Seattle, 31 December—Japan and the United States have postponed until next year the striking of a final agreement in the financial services sector talks under the bilateral framework trade negotiations. Japan's Finance Ministry and the U.S. Department of the Treasury concluded their three-day talks in Seattle on 30 December. Originally they had planned two-day talks, but they later prolonged them. After the talks, both Japanese and U.S. negotiators said, "We made great progress in extensive areas, thus narrowing our differences." It appears that the two sides were close to a broad agreement on public pension fund operations, a key issue in the talks. However, they apparently failed to decide on details concerning how deregulation measures should be carried out, and to compile the instruments of an agreement. The two countries plan to resume the negotiations in the beginning of next year to reach an early agreement.

Although negotiating tactics and the schedule for another round of talks have not been disclosed, Tokyo is considering concluding the talks before the Japanese-U.S. summit scheduled for 11 January. It will make efforts to arrive at an early agreement through diplomatic channels or in the resumed talks in early January. The postponement foiled the U.S. plan to wrap up the talks within 1994. Washington has called for an early conclusion to the talks so that it can promote negotiations with other Asian countries on the liberalization of financial markets.

The details of the recent talks have not been disclosed, but according to officials close to the negotiations and those in the U.S. financial services industry, Washington showed appreciation for deregulation measures presented by the Finance Ministry. The ministry proposed investment advisory firms' indirect participation in public pension funds' management, which is done through trust banks. The U.S. Investment Trust Association [ITA] gives high marks to the measure, saying, "Although advisory firms' direct participation is desirable, the proposal is satisfactory at present." It seems that a contentious point in the recent talks was whether or not the measure presented by the ministry would lead to public pension fund operations' being entrusted to U.S. investment advisory firms.

In the financial sector talks, the Finance Ministry has already proposed abolishing regulations on the management by financial institutions of pension funds collected from corporate employees. However, the United States has demanded further deregulation. Key issues in the talks include clarifying criteria for the approval of new programs for corporate bond operations and procedures for obtaining approval, reviewing a prior-approval

system for cross-border dealing, and opening foreign exchange operations to securities firms.

Some people believe that the two sides failed to conclude the talks before the end of 1994 because: 1) The period of actual negotiations was short; 2) the United States put forward demands that are hard for Japan to accept; and 3) they could not narrow the gaps between their views on financial regulations.

The financial service talks have continued for about 18 months. However, because financial services are not a priority sector in the bilateral framework trade talks, full-fledged negotiations only began in September 1994. In the initial three months, the United States only put forward its demands and Japan presented briefings on the current state of the Japanese financial market. It was early December when the Finance Ministry presented concrete deregulation measures, which pushed forward the talks. Also, it was in the recent talks that Tokyo, for the first time, proposed deregulation measures concerning the management of public pension funds. Because public pension funds had to do with budgetary negotiations, Tokyo had avoided the issue. The proposal was also meant to respond to criticism within the U.S. financial services industry, which (according to the ITA) has claimed, "Because Tokyo has not presented any deregulation measures, we cannot give high marks [to Japan's efforts to liberalize its financial markets]."

**Framework Talks Said Focusing on Minor Points***952A0142A Kyoto VOICE in Japanese Nov 94 pp 126-134*

[Article by Hisahiko Okazaki, special consultant to Hakuho: "Bring Down the Curtain on Japan-U.S. Framework Talks: Fed Up With Negotiations That Do Not Distinguish Between Trivial and Important Matters"]

[FBIS Translated Excerpt] [passage omitted] Even I am completely fed up with the recent Japan-U.S. framework talks.

Recently it was arranged that the heads of Japan and the United States would meet at a certain international conference, so Japan-U.S. talks were held there. The minister for foreign affairs went from Japan, and a proxy for the secretary of state came from the United States. This person was an expert on arms control with the former Soviet Union, so if we had wanted these two to talk about Russia, any amount of important dialogue would have been possible. But it is said that up to 80 or 90 percent of the conversation was spent on the framework talks alone.

However many times one asks what in the world they are they talking about at the framework talks, it is a repetition of the same thing.

U.S. side: "The United States seeks the opening of Japanese markets to internationally competitive U.S. products."



Japanese side: "Japanese deregulation has advanced through such things as MOSS [market-oriented sector-selective] talks and framework talks, and on the whole deregulation has advanced further in Japan than in the United States. Such things as the tariff-rate burden on mineral and industrial products are far lower in Japan than in the United States or the European Union."

U.S. side: "Still, it does not show up, does it, in figures on growth in imports."

Japanese side: "Imports of such deregulated products as beef and oranges have grown rapidly. NTT [Nippon Telegraph and Telephone] procurement and government procurement of computers have also increased greatly."

U.S. side: "Japan's rate of imports of manufactured goods is low, is it not?"

Japanese side: "It has increased rapidly. If you exclude regional trade, like between the United States and Canada, or within the European Union, it is about the same as the United States and Western Europe. NTT procured \$1.1 billion in FY93. This is about 60-fold in 13 years. Government procurement of computers also more than doubled in one year, with \$390 million in FY93. Imports of cars and semiconductors have also increased rapidly."

U.S. side: "Anyhow, the Japanese Government must devise measures to reduce the surplus."

Japanese side: "Japan is pushing ahead with deregulation. The government's ability to intervene has declined. Is the United States telling us to carry on trade managed by the government?"

U.S. side: "the United States, too, is not seeking numerical targets and market share. But we think it is necessary to measure the positive results of opening markets."

Japanese side: "If we deregulate, market principles will operate, so even if we measure it, it is beyond the limits of estimating whether the result of that will be a plus or minus for the United States, and there will probably also be fluctuations from year to year."

U.S. side: "The goal is strictly 'reasonable growth,' and there must be a standard. The position of the Clinton administration since the presidential election is that that kind of 'result' should be arrived at."

The above is something that I tried to write as fairly and objectively as possible. In the final analysis, the United States is requesting that the Japanese Government promise a quantitative increase in exports to Japan and market share of U.S. manufactured goods.

As to the actual situation, even if one combines all the things that are being discussed in the framework talks it would come to barely \$1 billion of the \$50 billion trade imbalance between Japan and the United States. That has been brought to the top spot in Japan-U.S. relations, and absolutely the same thing has been repeated for a

year just as though this small thing alone were the most important thing between Japan and the United States.

One hears all sorts of asinine talk about the framework talks beside this. The official reason for the talks is mutual solution of problems. But it is said there was also an occasion when the Japanese side talked about the closed nature of the U.S. market, saying, "The U.S. Government has never procured a single Japanese-made supercomputer," the answer came back, "We are discussing opening the Japanese market, we are not discussing the U.S. market." Does it mean that even if they apply the Super 301 clause to Japan, they will not apply it to the United States itself?

A person in the insurance industry, for example, is not satisfied, even now, with the explanation of why we were drawn into the framework talks. Speaking of the insurance business, I hear that Japan has bigger losses, and the United States has far more government regulations that impede entering the business, and that the United States, too, is well aware of that.

#### The Japanese Are All Sick of it

I think it would be better if the United States, too, recognized that in this way, because of the framework talks, anti-U.S. sentiment, albeit vague now, has also begun to hang in the air in the Japanese business world, which by nature is an adherent of liberal democracy, is well aware of the importance of relations with the United States, and is one pillar that supports the Japan-U.S. relationship.

Japanese bureaucrats are faithfully executing their duties, but only the ones in charge are enthusiastic. When it comes to those on the periphery separated a bit from the ones in charge, they are all disinterested and completely negative.

Depending on the person, positive ideas also come out: talk, for example, of trying to make up for the framework talks, which keep deteriorating, by preparing a cooperative setup between Japan and the United States in a different field such as scientific technology. It would be good if that happened, but if the outlook is that even here, as in the framework talks, even if one thing were solved the U.S. side would not be satisfied with just that, but negotiations would go on and on without end, with the U.S. side saying "give us this and give us that, too," so the Japanese side also becomes negative from the beginning.

Now the entire atmosphere on the Japanese side has ended up becoming polluted and depressed, so the will to strive in a positive manner has disappeared completely. Everyone is sick of the framework talks.

Even among knowledgeable Americans, there are many who say to stop doing trivial things. The recovery power of the numerical targets which became the focal point of negotiation was already operating. Numerical targets are not popular even among American economists, so there



are now almost no supporters of the framework talks. In advance of the February talks, the United States unified opinion at a cabinet meeting in order to push its will through the framework talks in a thoroughly consistent manner, but the situation was such that it had to unify opinion in a fairly high-handed manner.

If at that point Japan had appealed to the United States to attempt a solution by placing the center of gravity on macroeconomic policy, not on numerical targets and so on, the negotiations would probably have been settled in a skillful manner. But Japan did not try to carry out sufficient macroeconomic policy; it tried to temporize by reducing taxes for only one year. The United States got angry, saying that was utterly unsatisfactory, and would no longer compromise on the numerical targets, so on 11 February the talks finally broke down completely. At that time Japan ended up adding strength to a framework-talk faction and a numerical-target faction which had begun to collapse because of .

Furthermore, the question of the U.S. Government's ethics was being talked about among knowledgeable persons. Criticism began to be heard that, in such things as Motorola Corp. receiving advantages in cellular telephones, it was immoral for the government to support specific companies by planning their benefit.

Nevertheless, the United States has consistently adopted a strong attitude in the framework talks. Behind it is the fact that in the United States the entire staff changes each time an administration changes because of a presidential election. There is a strong consciousness that the policy of the previous administration was mistaken, and that the new administration will put into effect a correct policy to replace it, so they try to the bitter end to push things through from their own standpoint. President Clinton's policy since the election campaign has been a doctrine of emphasizing results, so achieving results is sought above all else.

#### **Negotiation at the Division-Chief Level Is Sufficient**

[Passage omitted] Even though I am fed up, if I look at the vital importance of maintaining the Japan-U.S. alliance, if there is something which can be yielded to the United States from Japan in the framework talks, I think it is better to allow the negotiations to reach a compromise settlement even if we yield to a certain degree. However much is yielded, the influence exerted on the Japanese economy, for example, will probably be negligible (a degree which hardly appears in figures).

But speaking only of the framework talks, when we look around for something to yield, there is already almost nothing left. I understand that it is the domestic political situation in the United States, so I want to put up with yielding it. If the United States tells us to do something for the sake of the midterm election, I want to yield if there is something we can yield. But there is already nothing to put up with yielding. I am not speaking with bias, but the members of the Japanese side's negotiating

team are persons with excellent judgment, and they are also well aware of the importance of the Japan-U.S. alliance. The U.S. side also fully understands that. The Japanese team thinks there is no longer anything left to yield.

If they were to yield, it would mean making a promise on something for which it would be impossible to predict the possibility of keeping the promise in the future and also impossible to guarantee the result. In addition to being intellectually dishonest in the first place, if the promise were not kept, it would probably harm Japan-U.S. relations even more.

I think it is time that it is best to abandon the framework talks. The Clinton administration has only two years left before the next presidential election. Even if we continue the framework talks this way, there is very little possibility that the kind of positive external results that one can be proud of will have been achieved. If we are to bring down the curtain properly and change direction, the next six months or so will be the opportunity.

We can gain very little even if we cling to the framework talks, and the harmful influence that they exert is vast. The atmosphere of Japan-U.S. relations as a whole will be polluted and become stormy. We should bring down the curtain now so that the pollution will not continue.

Looking at it objectively, if there is anything that we can erase from Japan at the very end it is probably only the doctrine of close connections.

It is difficult to pass in front of a neighborhood vegetable seller you know by sight when carrying a bag from a distant supermarket; this is close connections.

I hear stories of persons of great talent who graduated from American business schools and acquired master's degrees in Japanese, who frequently visited Japanese companies and built relationships of mutual trust, but when it came to actually concluding contracts the deals were taken by Japanese dealers, so they tasted a sense of frustration. I think they are true stories.

But economic principles are operating even in that. If it is a neighborhood store, they know that it is about time for our house to be out of tomatoes and cucumbers, and if good new potatoes appear on the market they will bring some for us. Particularly with things that require a lot of repairs later, as in construction, it is obvious that it is also more advantageous economically to deal with a person who at one phone call will come over carrying a hammer to repair it than one who will check the contract with a lawyer for each thing to see whose responsibility it is.

Close connections exist in any country. But there is nothing strange at all if it is stronger than other places in an island nation like Japan, which was isolated at the edge of a continent for all of 2,000 years. It is permissible to admit that point.



However, for the sake of the future relationship of Japan and the United States as well, it is better to abandon negotiations on eliminating this tribalism. It would be something like the distant supermarket threatening us by saying: "Our store is cheaper, so don't buy from the neighborhood. Increase the portion you buy from the supermarket by setting up a target each year." This exerts a harmful psychological and social influence which is incomparably greater than the small economic profit gained from it. Rather, it would probably be more beneficial to take Japan's tribalism as an established fact and consider systems to offset it, for example, making the tariff on industrial products close to zero.

To begin with, Japan's surplus will not decrease that easily. Even viewed over the medium term, a problem like the trade surplus occurs because of macroeconomic elements like the discrepancy between fluctuations in business conditions in Japan and the United States. More fundamentally and more long-term, it is determined by the balance of investment and savings, and furthermore by historical forces like the ebb and flow of the economic strength of the countries. It would not change that much just because the United States succeeded completely in the framework talks. The proposition of "framework talks for the purpose of reducing Japan's surplus" is strange from the start. But fortunately—though it may be unfortunate for Japan—Japan's surplus is declining in medium-term factors and long-term factors.

The proposition that Japan's surplus is snatching away employment from the rest of the world is also questionable. But if that is the true matter of concern, creating a system to watch whether Japan's surplus flows back to growth of world employment is the regular tactic in order to achieve the policy objective of employment.

In addition to that, there is probably also the idea, as proposed by Senator Bradley, of following the example of the United States and Canada and the United States and Israel, and establishing a system that will set up an impartial third-party agency, investigate unfair practices that hinder free trade, and render a decision. But in that case, unlike the framework talks, it would mean taking up U.S. problems as well.

Anyway, the most important problems for Japan are Japanese expansion of domestic demand, tax reform, and relaxation of regulations, so pouring Japan's energy into these is probably far more beneficial both for Japan-U.S. relations and for the benefit of Japan and the United States respectively.

I think a conclusion will have emerged about the time this magazine comes out, and I hope the framework talks will be concluded with the Kono-Kantor meeting at the end of September. Even if agreement on all fields is impossible, the remaining parts are more and more minute problems. To put it plainly, both quantitatively and institutionally, the Japan-U.S. framework talks are division-chief level matters. We must entrust them to

negotiation by persons of the division chief, or at most the department-chief class, and confine it completely to small parts. For example, even if Super 301 is applied, the amount will be very small. We should consider such things as something petty and lower them from negotiations at the upper echelon of government. We must not make trivial matters into problems that influence the Japan-U.S. relationship as a whole.

#### **BOJ: Largest Buyer of U.S. Bonds in Jul-Sep**

*OW3112030994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Dec 94 Morning Edition p 4*

[FBIS Translated Text] The Bank of Japan [BOJ] allegedly made major purchases of U.S. Government bonds in the July-September period to prevent a further plunge in the value of the U.S. dollar against the yen and to give the U.S. bonds support, making Japan the largest buyer of U.S. bonds over that period. The BOJ appears to have made the purchases with dollars it gained through its yen-selling and dollar-buying intervention in the currency market. Now that the yen has become stable, the central bank seems to have discontinued its intervention in the market, as well as purchases of U.S. bonds. However, if the value of the yen rises again, the BOJ will resume its purchases of U.S. bonds.

According to statistics issued by the U.S. Commerce Department, governments, central banks, and other public entities outside the United States bought 17.2 billion dollars in U.S. Government securities (including bonds and U.S. Treasury securities) in the July-September period. Of that, 15.2 billion dollars was in bonds. The purchases were more than three times the 5.6 billion dollars worth of bonds bought by foreign private-sector investors in the same period. The low-level of purchases by private-sector investors was due to the weak U.S. credit market and currency risks stemming from the falling value of the dollar.

Japan was the only country that made major purchases of the U.S. currency in that period. At that time, the BOJ repeated its yen-selling and dollar-buying intervention for several days to prevent further appreciation of the yen against the dollar. During that period, foreign-currency reserves owned by the Finance Ministry for investment by the BOJ increased by six billion dollars following the intervention. The BOJ is believed to have used the increased amount for investment.

At that time, there was a rumor that "the BOJ has entrusted the U.S. Federal Reserve Board (FRB) with purchases of short- and medium-term bonds." Robin Marshall [name as published], chief economist of the U.S. Chase Manhattan Bank, said: "The BOJ's purchase of U.S. bonds accounts for most of the purchases made by foreign public institutions in that period."

Both the Finance Ministry and the BOJ have not disclosed what they used foreign currency reserves for, saying: "Such disclosure will cause speculative buying



and selling moves in the market." However, a senior BOJ official said: "Foreign currency reserves have to be safe, profitable, and liquid assets." His remark indirectly acknowledges the central bank's purchases of U.S. bonds. Because of the recent drop in the value of the yen to the level of 100 yen to the dollar, the BOJ appears to have discontinued its intervention in the market. Now that U.S. Government bonds have begun showing a steady tone, private-sector investors seemingly have become active in purchasing U.S. dollars and bonds, expecting a weak yen and strong dollar trend.

### **MOFA Planning To Use U.S. Satellite Technology**

*OW3112062694 Tokyo SANKEI SHIMBUN in Japanese 29 Dec 94 Morning Edition p 1*

[FBIS Translated Text] Beginning next fiscal year, the Ministry of Foreign Affairs [MOFA] plans to conduct in-depth studies on the possibility of using U.S. reconnaissance satellite technology to introduce and utilize a satellite information system to rescue Japanese citizens abroad who might get caught up in earthquakes, other disasters, or emergencies such as war. With 3.5 million yen allocated in research funds in the draft fiscal 1995 budget, which was approved by the cabinet on 25 December, MOFA hopes to have the system in operation in as early as fiscal 1996.

Should reconnaissance satellite information become widely available through MOFA, it may become possible in the future for the Self Defense Forces [SDF] to use foreign satellite information. This would contribute greatly to Japan's national security.

MOFA asked for 20 million yen to help pay for "participation in seminars on such topics as rescuing Japanese citizens;" the government has allocated 3.5 million yen. A government source has explained: "The funds will essentially be used to study the use of satellite information."

The 1990 Gulf War prompted MOFA to study how the government could try to rescue Japanese citizens abroad if they faced danger from major disasters such as earthquakes and floods, and battles in war-torn regions. In its studies, MOFA placed considerable emphasis on good information about possible rescue routes in the case that roads and bridges are destroyed. However, due to an extreme lack of local information, the ministry had to rely on information acquired from the United States and other countries through diplomatic channels.

In November, however, the U.S. Government decided to release a part of its reconnaissance satellite technology to the private sector. As a result, commercial use of highly precise satellite information, with pictures clear enough to make it possible to distinguish different types of fighters and tanks and to spot the movement of vehicles and other equipment on the ground which is only one

meter across in size. This development allowed MOFA to do its own analysis of the situation at disaster sites and in war-torn regions.

Meanwhile, the SDF has been prevented from possessing its own reconnaissance satellites and acquiring and utilizing reconnaissance satellite information. The barriers have been the "Resolution on the Peaceful Use of Space," which was adopted by the Diet in 1969, and which declared that "the development and use of objects to be put into space orbit, and of rockets which place such objects into orbit, are restricted to peaceful purposes," and remarks made in 1985 by then-Prime Minister Yasuhiro Nakasone, in which he placed conditions on the use of reconnaissance satellites by saying: "Should the use of both reconnaissance satellites and commercial satellites become widely accepted, the SDF may use them, but we have not reached that stage yet."

However, MOFA has now decided to actively begin studying the possibility of introducing and utilizing a satellite information system because, among other reasons, circumstances have changed in the country.

The changes are: 1) MOFA, rather than the Defense Agency, is funding the study; and 2) the Informal Panel on Defense Affairs, a private advisory panel to the prime minister, recommended the use of reconnaissance satellites in its report entitled "Japan's National Security and Defense As It Ought To Be," which was submitted to Prime Minister Tomiichi Murayama in August.

### **Automakers Boosting Car Sales on U.S. Market**

*OW3112132094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Dec 94 Evening Edition p 1*

[FBIS Translated Text] Japanese automakers are enjoying better-than-expected sales of their compact models on the U.S. automobile market. Contrary to the forecast that they would lose their competitiveness on the U.S. automobile market after the appreciated yen forced them to frequently raise the prices of their compact automobiles on the U.S. market, Honda Motor Company is expected to increase sales of its "Civic" by 6 percent this year to an all-time high 270,000 units on the U.S. market. Both Toyota Motor Corporation and Nissan Motor Company are likely to boost the sales of their compact automobiles this year by 6-9 percent on the U.S. market. Since the beginning of 1994, the Big Three have challenged Japanese-built compact automobiles on the market with their strategic compact automobiles, but the Japanese automakers have managed to compete against their strategic compact automobiles thanks to the growing demand for new compact automobiles on the U.S. market and efforts to boost the production of these automobiles in the United States.

The total sales of the Honda-built Civic on the U.S. automobile market from January to November this year were 248,199, an increase of 4.8 percent from the same period of a year earlier, and the sales of that car in



December are on the rise. The sales of Civic this year on the U.S. market are likely to largely exceed an all-time high 261,000 units in 1990. The sales of the Nissan-built "Sentra" on the U.S. automobile market from January to November this year grew 6.4 percent, whereas the sales of the Toyota-built "Corolla" showed good growth of 9.2 percent during the same period.

Since last fall, the drastic appreciation of the yen has forced Japanese automakers to raise the prices of their compact automobiles on the U.S. market well above those of compact automobiles built by the Big Three. Honda Motor Company has raised the price of Civic three times since last September out of fear that if it kept the price flat, it would face a dumping suit.

In a bid to curb price increases and keep the decline in the price competitiveness at the lowest level, Honda Motor Company has increased the amount of North American-built Civics on the U.S. market from 66 percent in 1993 to 75 percent. As a result, the Japanese automakers succeeded in raising the price of the Civic by an average of 4 percent in the last year. Their price disparity with the Big Three was not as wide as the Japanese auto industry had forecast. The effort to curb the price increase and the growing demand for new compact automobile on the U.S. market in the wake of the U.S. economic boom combined to contribute to the brisk sales of Japanese-built compact automobiles.

Meanwhile, the sales of General Motors Corporation's "Saturn" on the U.S. automobile market jumped 24.7 percent while the sales of Ford Motor Company's "Escort" increased 26.7 percent. Thus, the sales of their strategic compact automobiles on the U.S. automobile market registered a sharp increase. The sales of "Neon," a compact automobile built by Chrysler Corporation, also witnessed steady growth. Automobiles other than the strategic compact automobiles displayed sluggish sales, and the Big Three fought each other for a bigger share of the market. Given this situation, there will be no great change in the share of Japanese-built compact automobile on the U.S. market.

The Japanese automakers have been vying with each other to increase the sales of their compact automobiles on the U.S. market through the leasing method, clouding prospects for the future sales of their cars. Leasing is taken as an effective way of selling new automobiles because it does not require car buyers to make down payments. The Japanese automakers, however, have the high risk of suffering a loss from the difference of quotation if prices of used automobiles fall below the prices which are expected at the time when leasing contracts conclude.

#### **Draft Report on Unfair Trade Practices Compiled**

*OW0201052595 Tokyo ASAHI SHIMBUN in Japanese 31 Dec 94 Morning Edition p 3*

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has decided on the outline of

a 1995 "report on unfair trade practices," which the ministry issues every year to examine foreign countries' unfair trade policies. In the 1995 report, MITI analyzes each country's civil law in view of the agreement on the World Trade Organization (WTO), which is to be inaugurated in January. In particular, it examines problems in the PRC and Taiwan, which plan to participate in the WTO. MITI issued the first unfair trade report in 1992. It has since issued the report each May or June. However, the ministry plans to advance the issue date to the end of March to compete with the "report on foreign trade barriers," which the U.S. Trade Representatives (USTR) Office issues at the end of March.

The Industrial Structure Council's subcommittee on the WTO (chaired by Seikei University professor Mitsuo Matsushita), an advisory body to the international trade minister, is currently engaged in compiling the 1995 report. In the same way as it did for the 1994 issue, the subcommittee has been examining quantitative restrictions, antidumping measures, and tariff rates adopted by 12 countries and regions, including the United States, the European Union (EU), and China.

The draft 1995 report highly rates China's enactment in 1994 of legislation on its trade policies. However, it points out that Beijing's regulations on import-export restrictions lack strictness, thus they could be abused unless they are enforced properly. The report also notes that China's auto industry policy violates the WTO accord because it stipulates preferential use of domestic parts and requires obtaining government approval for types and volume of imported cars.

Taiwan's Foreign Trade Law has a clause stipulating that "Taiwan can temporarily suspend trade with countries which have a large and long-term trade deficit." In its report, MITI plans to make a critical comment on this, saying: "The clause targets Japan and violates the WTO accord."

#### **MITI's Authority Weakening, Status Analyzed**

*OW0301061895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Dec 94 Morning Edition p 3*

[Article by Junichi Sera, NIHON KEIZAI SHIMBUN Tokyo Economics Department reporter: "MITI's Raison d'Etre Being Questioned"]

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] is faltering, as it has lost its steering compass. Since it has enjoyed such huge power in comparison to its meager legal authority, the ministry has been affected the most among all government ministries and agencies by deregulation and the recent criticism voiced against bureaucrats. Private corporations have grown stronger in areas free from bureaucratic control, and proceeded with their efforts toward internationalization. The ability that MITI used to have in resolving trade issues also seems to have weakened.



Tomio Tsutsumi, the newly appointed vice MITI minister, has said: "We are in an era of mega competition, where we cannot afford to lose any time. We plan to draw up strong policies." Can the new vice minister successfully fulfill his mission?

#### **"Asking" Companies To Take Advantage of New Laws**

Two agencies under MITI have been able to devote themselves to their respective duties, unaffected by the series of chaotic internal events—including the turmoil over personnel appointments—that has rocked the ministry. They are the Agency of Natural Resources and Energy and the Patent Office. They have been able to do so apparently because, "from a legal standpoint, they have clear authority over their duties" (as stated by senior officials at the two agencies). Excluding these two agencies, an air of languor is spread throughout MITI as the public shows little interest in new policies proposed by the ministry.

The business reform bill to be submitted to the January ordinary Diet session as the pillar of MITI's new policies for FY95: In late October 1994, senior officials at the Machinery and Information Industries Bureau paid visits to top executive officials at major automobile makers, one after another, and asked them "to take advantage of the new bill by all means." Company executives reacted coolly to the request, saying: "It is better to have the new bill than to not have it at all. Rather than being concerned with this, however, we would like the government to make sure that the outcome of the Japanese-U.S. framework trade talks will not cause further yen appreciation."

**Measures to deal with the hollowing out of industries:** Although MITI advocates fostering joint venture businesses and increasing money supply through capital markets, "MITI officials in charge of the matters have thought that the European and the British markets were separate markets" (as stated by an official at a major securities firm). Thus, financial circles as well as the Finance Ministry are apparently disheartened by MITI officials' lack of basic knowledge about financial matters. Officials at joint venture businesses say: "Forget about such complicated matters. We would instead like to see the ceiling raised on suretyship by credit guarantee associations" (as stated by the president of a telephone service company).

Following revision of the Large Retail Stores Law, department stores and supermarkets, one after another, extended their business hours beginning last May. MITI lauds itself, saying: "This is the result of our consumer-oriented administration" (as stated by a top MITI official). However, it is questionable whether MITI played any part in the so-called price destruction which aided consumers to a considerably greater degree than the extension of business hours. Only sarcastic remarks have been heard from distribution industry officials who say: "What we have here is just that the cost of importing

beer and cola has dropped at the mercy of yen appreciation" (as stated by an official at a major supermarket chain).

#### **Market Mechanisms More Effective Than MITI's Policies**

Under their bilateral semiconductor agreement, Japan and the United States have agreed to strive "to maintain foreign semiconductors' share of the Japanese market at a level of at least 20 percent." Since this target goal has been successfully achieved in the last 12 months, things have gone without any incident. However, an official at the NEC Corporation claims: "We are not buying U.S. semiconductors in compliance with MITI's policies." He explains that simply, the share of foreign semiconductors in the domestic market naturally increased due to a personal computer boom which MITI had not anticipated and because only U.S. firms manufacture semiconductors that are indispensable to personal computers.

Before anyone even realized, we no longer heard U.S. negotiators demanding that Japan import more fully assembled American automobiles in negotiations over automobiles and auto parts under the framework trade talks. The coincidental yen appreciation, on top of U.S. automakers' efforts to open more sales outlets in Japan, and the resulting natural drop in the domestic sales prices of foreign cars had a lot to do with this. It is not that MITI sealed off the U.S. Government's demands.

#### **Is MITI Afflicted More Than Can Be Imagined?**

Despite drastic economic changes both at home and abroad, MITI has continued to engage in so-called "theological arguments" with the U.S. Trade Representative (USTR) and the U.S. Commerce Department for more than a year over the definition of "objective criteria" in a bid to avoid committing the same error as it supposedly did in concluding the bilateral semiconductor agreement. A senior MITI official who remembers the glory days of the ministry boasts: "Such affairs are the tasks of bureau assistant director- rank officials."

Of course, there are some bright stories regarding MITI. A Tokyo University coed who has passed the National Public Service Class I (previously, the Principal Senior Class) Examination—for prospective public servants scheduled to enter government ministries and agencies in April 1995—with top scores has selected MITI as her place of work. However, some of her would-be seniors at the ministry have made eccentric comments, saying: "Why would she come here, of all places?"

When Hideaki Kumano, former vice MITI minister, resigned, he spoke before senior ministry employees and said: "Bureaucrats must be neither arrogant nor mean." However, MITI seems to have lost control over its direction in response to drastic changes at home and abroad, and the affliction it is suffering from may be larger than imaginable.



### Document on New Defense Policy Obtained

OW3112113494 Tokyo KYODO in English 1121 GMT  
31 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 31 KYODO—The current revision of Japan's defense policy aims at restructuring a down-sized military while improving its effectiveness, according to a defense agency draft obtained by KYODO NEWS SERVICE on Saturday [31 December].

In a major departure from the existing national defense program outline formulated under Cold War terms in 1976, the new defense strategy calls for a more flexible medium-term policy with the capacity to deal with "a variety of potential dangers."

The 1976 basic defense policy calls for maintaining security arrangements with the United States to defend Japan against massive invasion while building a Self-Defense Forces (SDF) that can repel limited-scale aggression on its own.

The agency hopes that the revised outline will be adopted by the cabinet by December following discussion of the draft with the Finance and Foreign Ministries and the Security Council of Japan, the highest decision-making body on defense matters, defense sources said.

Launched in February 1994 by the administration of former Prime Minister Morihiro Hosokawa in response to the demise of the former Soviet Union and the end of East-West confrontation, the revision will lead to a reduction of the 180,000-strong Ground Self-Defense Force (GSDF).

Its divisions will be reorganized and a new reserve officer system introduced, according to a separate paper attached to the draft.

Under the softening of defense readiness envisaged by the revised outline, the Maritime Self-Defense Force (MSDF) will shift its focus from anti-submarine activity to improving its defense capacity in the water, the paper said.

The Air Self-Defense Force (ASDF) will see a down-scaling of its fighter aircraft units and its early warning squads, since an aerial war appears less likely and aircraft warning will become largely automatized with the procurement of the Airborne Warning and Control System (AWACS) from fiscal year 1997.

The draft points to limited human resources in a rapidly aging society and the nation's "tight fiscal situation" as the backdrop for the personnel cuts. Defense Agency sources said the 180,000 SDF personnel might be cut to an eventual 150,000.

Given the reductions, the overall strength of the SDF will ultimately be reduced to 240,000 from 270,000 personnel.

Concerning security in the post-Cold War era, the draft states that "there is no threat of a large-scale war, but since there are various factors of instability, it seems unlikely that a sufficient framework for a stabilization of the international community will be established."

While stressing that many countries support the United Nations militarily to prevent conflicts or to solve them peacefully, the draft simply says that Japan "has been increasing its international contributions."

It will be the first large-scale troop reorganization since the founding of the SDF in 1954.

At the agency feelings about a revision at this point of time remain mixed, since both military staff and civilian officials are concerned Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) will press for even further troop reduction.

The SDP's document of its tenets says that although the constitutionality of the SDF should be recognized, the SDF itself should shrink gradually under a disarmament program.

Given the dramatic policy shift, the draft is also likely to touch off a heated debate in the Diet.

### Scaling Down GSDF Divisions

OW3012162494 Tokyo MAINICHI SHIMBUN in  
Japanese 30 Dec 94 Morning Edition p 2

The planned changes consist of about 20 items, basically in line with the contents of a report submitted last August by the "Informal Panel on Defense Affairs," a private advisory panel to the prime minister. The current, actual number of GSDF personnel, which only amounts to 81 percent of the current quorum, will be further reduced by securing more reserve personnel who are highly skilled. A review will also be made of the current system of uniformly stationing GSDF units throughout the nation for defending the mainland against possible invasion. Some divisions, mainly in Hokkaido and the northeastern section of Japan, will be scaled down into brigades.

The DA's plans also calls for considering the possibility of delaying renewal of equipment and introducing long-range transport vessels as regards the Maritime SDF. The possibility of reducing the number of anti-submarine patrol aircraft (P-3C) and other equipment will also be considered, as the threat from the North has diminished. Regarding the Air Self-Defense Forces, the possibility of introducing long-range transport aircraft and air tankers is to be considered. A study will also be conducted on a plan to turn PKO-related duties which are currently considered miscellaneous duties into official SDF duties.

The DA also plans to centralize command authority exercised independently by each of the three SDF's under the JSC. Consideration will also be given to a plan to set up a "JSC Intelligence Headquarters," which will



consolidate intelligence departments under each SDF and will be placed under the JSC.

The DA also plans to reorganize its internal divisions. The likeliest plan to be adopted is to break up the existing Bureau of Defense Policy [BDP], upgrade its Defense Planning Division into a new "Bureau of Defense Planning," and create a new "Bureau of Defense Operations" by combining the BDP's Defense Operations Division with the Training Division under the Bureau of Education and Training.

#### **Defense Agency Planning Organizational Reform**

*OW3012135794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Dec 94 Morning Edition p 2*

[FBIS Translated Text] The Defense Agency [DA] on 26 December began discussions on organizational reform to improve its comprehensive policy-making system regarding security and defense issues. It will promote reform based on a new six-bureau system plan; that is, the expansion of the current Defense Policy Bureau into three different bureaus of defense planning, defense operations, and defense build-ups; merging of personnel and educational bureaus; and the creation of new management bureau by reorganizing remaining office functions. The DA intends to conclude deliberations next summer at the earliest so the necessary funding will be appropriated in the budget for fiscal 1996.

Attaching greater importance to changes observed in Japan's relations with the international community in the post-Cold War era—for example, the Self-Defense Force's participation in peacekeeping operations (PKO)—the DA now thinks it is necessary to establish a system to formulate comprehensive security policies.

Since 1984, the DA has comprised six bureaus: The Director General's Secretariat, the Bureau of Defense Policy, the Bureau of Education and Training, the Bureau of Personnel, the Bureau of Finance, and the Bureau of Equipment. Of them, the Bureau of Defense Policy has been in charge of wide-ranging issues such as formulating mid-and long-term defense policies and operating various kinds of routine work. Some DA officials have noted that this is too heavy a responsibility to be taken by just one bureau.

The bureaus of "defense planning," "defense operations," and "defense build-ups" will be formed to ease burdens imposed on this particular bureau. Furthermore, functions in both the Education and Training Bureau and the Equipment Bureau will be merged into these three to improve efficiency in dealing with various issues—for instance, the PKO and Japan-U.S. technological exchanges. Given another duty to educate DA personnel, the current Personnel Bureau will become the "Personnel and Education Bureau." The reform plan also aims to form the "Management Bureau" in charge of welfare, and other issues.

#### **Defense Policy Debate Affects Budget Compilation**

*OW3012145294 Tokyo TOKYO SHIMBUN in Japanese 28 Dec 94 Morning Edition p 2*

[Second and last in series by reporter Hirohito Saito entitled: "Hidden Facts About Defense Budget Compilation"]

[FBIS Translated Text] The ruling parties' negotiations on the defense budget entered the final stage on 17 December. They held a coalition defense committee meeting that morning, where they decided that the growth of defense spending should be between 0.85 and 0.89 percent. They were close to an agreement on a final growth rate. After intense discussions, Masaru Hayakawa, chairman of the security division in the Social Democratic Party of Japan [SDPJ], said: "The ruling parties should temporarily agree on a 0.87 percent growth rate. The rate will be reduced later in ministerial negotiations. We will demand 0.85 percent growth in the final stage." In the end, the three ruling parties agreed on the temporary "growth rate of 0.87 percent."

For the SDPJ, it was an urgent task to display the Murayama government's advocacy of "disarmament" through budget compilation. Although the party argued for holding down the [originally requested 0.9 percent] growth of defense spending, only a small cut was possible. Then it considered reducing the growth rate in two stages, thinking it would be more effective in boosting the image of the Murayama administration. Although the ruling parties decided at the 17 December meeting not to disclose the growth rate they agreed upon, a committee member talked over the phone of the rate so loudly that reporters straining their ears outside could hear what he was saying.

Nevertheless, the informal agreement on "reducing the defense budget growth to 0.85 percent from the originally requested 0.9 percent" had already been reached among the Prime Minister's Office, the Finance Ministry, and the Defense Agency [DA] on 16 December, the day before the ruling coalition's defense committee meeting. The accord, which was reached in response to a strong request by the Prime Minister's Office, was revealed to senior members of the ruling parties.

Under the original plan, a formal agreement on the "0.85 percent growth" should have been made during negotiations among concerned ministers, including the finance minister, the DA director general, and the chief cabinet secretary, which were held on the evening of 17 December after the ruling coalition's defense committee meeting. However, things did not go as planned. Koichi Kato, chairman of the Liberal Democratic Party's [LDP] Policy Research Council, opposed the 0.85 percent growth in the talks, claiming: "The growth rate agreed upon by the ruling parties is 0.87 percent." His opposition surprised the Finance Ministry's Budget Bureau director general, and others. They eventually postponed



making a decision on the growth of defense spending until the next day. On 18 December, making mutual concessions, the ruling parties slightly raised the 0.85 percent growth rate and agreed on a 0.855 percent growth. Many people believe "Kato, taking advantage of the Finance Ministry's insufficient groundwork needed in seeking agreement from all related parties before making an official decision, tried to impress the LDP and other parties with his achievement in budget negotiations," (according to an LDP national defense division member).

The LDP compromised in the ministerial negotiations because "it did not want to undermine the foundation of the Murayama government by taking an attitude that would intensify a dispute within the SDPJ over defense spending," (according to the same LDP member), and because the party thought further reduction in the growth of the defense budget would be offset by the benefits of the strong yen and cost cutting.

The LDP and the SDPJ are dissatisfied with the recent budget negotiations because talks on the defense budget centered only on the growth rate and "there were no arguments over defense policies." A senior official at a DA bureau said: "Compiling the defense budget through thorough arguments on policies should be the basis for so-called civilian control."

A close examination of the agreed defense budget reveals that the fiscal 1995 defense budget has increased across the board over this year: The ratio of the budget to GNP is 0.949 percent (it is 0.948 percent in fiscal 1994), the budget accounts for 6.7 percent of general expenditures (6.4 percent in fiscal 1994), and spending on domestically-procured frontal equipment totals 718 billion yen (687 billion yen in fiscal 1994). Although the mid-term defense buildup plan, which expires next year, has been revised downward, 98 percent of procurement of frontline equipment under the plan has been achieved on a contract basis, one percentage point higher than the achieved procurement under the former mid-term defense buildup program. If the government aims to promote disarmament, it should discuss in detail defense policies prior to the planned review of the National Defense Program Outline next year.

#### **JDA Bureaucrats' Strategy Keeps Budget Intact**

*OW3012142194 Tokyo TOKYO SHIMBUN in Japanese 27 December 94 Morning Edition p 2*

[First of a two-part series by reporter Hirohito Saito entitled: "Hidden Facts About Defense Budget Compilation"]

[FBIS Translated Text] "When the current situation connected with the defense budget is taken into consideration, it will be very difficult to keep the budget requests within the set framework. We must strain our wits to ensure that nothing goes wrong with Japan's defense."

This is what Director-General Tokuichiro Tamazawa of the Defense Agency [DA] stated with displeasure at a news conference held in the early morning of 29 July following an accord reached at a meeting of the three ruling parties on coordinating the defense issue to the effect that "the defense budget growth rate in the budget requests should be set at 0.9 percent." DA Director-General Tamazawa immediately instructed DA Administrative Vice Minister Shigeru Hatakeyama to "rack his brains."

As a result, it was decided that the budget for paying expenses of the U.S. Forces Japan [USFJ] should be reduced. The so-called "Consideration [Omoiyari] Budget"—funds earmarked for paying salaries of Japanese workers on military facilities as well as for paying utility fees for U.S. Forces—is allocated on the basis of a special agreement signed between Japan and the United States. Despite the fact that this budget demand allows no reduction, it has been decided that the budget demand for ¥24.3 billion [yen] should be reduced by half.

The objective of this budget cut is as follows: In working out the budget demand, requests will be made for sufficient funds to cover procurement of frontline military hardware such as weapons, as well as expenses for training. Otherwise, in compiling the draft budget, the chances are that the demands will be reduced but never increased. Thus, the DA has decided to cut the funds for the upkeep of U.S. troops in Japan on the condition that the full amount will be restored later by securing hidden revenue resources. In this way, the DA intends to use this reduction for military equipment. Among those officials concerned with budget compilation, this budgetary strategy of "cutting something that is regarded as uncuttable" is known privately as the "Vacuum Cutting [Shinku-giri] Strategy."

In responding to the move, Prime Minister Tomiichi Murayama said: "Since our relationship with the United States is important, it will be necessary to restore the full amount for USFJ maintenance in the budget demand." When DA Director-General Tamazawa was informed by Chief Cabinet Secretary Kozo Igarashi of Murayama's intention, he strongly insisted on his position, saying "It is you who asked for suppressing the growth rate of the defense budget below 0.9 percent. If the present situation should be left unabated, it will be impossible to maintain our defense capability. I will take the responsibility of dealing with the United States."

Thus, the DA started tackling this issue in an assiduous way behind the scenes. It was originally planned that by extending the retirement age of senior Self-Defense officers, funds for paying their retirement allowances could be saved, but enforcement of this plan has been delayed. And now, the DA plans to put this into effect so that funds can be secured for restoring the budget for the upkeep of U.S. troops in Japan. At the same time, the DA started behind-the-scenes negotiations with the Finance Ministry, and Director-General Tamazawa flew



to the United States in September to convey the government's real stance on the issue. As anticipated, the United States demanded that the budget demands for the USFJ maintenance be fully restored based on Japan's commitment to the United States.

It was the accord reached among the three ruling parties [on the defense budget growth rate ceiling] that had brought about the problem of meeting defense budget demands, and this problem has even involved the United States. The Socialist Democratic Party of Japan [SDPJ] has shifted its political stance to admitting the Self-Defense Forces [SDF] are constitutional but dissatisfaction with this shift has been voiced within the party. To appease this dissatisfaction, Sukio Iwatare, (then) chairman of the party's security affairs department, appealed that "it will be difficult to make the party convention successful unless the ceiling is set at the same rate of 0.9 percent as this year." Giving top priority to maintenance of the current administration, the Liberal Democratic Party [LDP] and New Party Sakigake [Harbinger] have made concessions to this ceiling.

Such a development must have turned out to be painful for the Defense Agency, which originally aimed at attaining a 2.8 percent budget increase. However, its strategy to take advantage of cutting the uncuttable budget hit the target. If the profit from the yen's appreciation amounting to approximately Y6.5 billion should be automatically taken into account in compiling the draft budget, the growth rate would have been reduced to 0.8 percent. However, since a large portion of this profit would be appropriated as funds for USFJ maintenance, the compilation of the defense budget has turned out to be "satisfactory with sufficient funds in its details," (as stated by DA Director-General Tamazawa). In this way, the defense bureaucrats have demonstrated their shrewd strategy in negotiations.

#### **Top Executives Remain Cautious Over Economy**

*OW0201095195 Tokyo KYODO in English 0837 GMT 2 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 2 KYODO—Nearly half of Japan's top business executives remain cautious about the prospects for economic recovery despite a government declaration that the recession is over, a KYODO NEWS SERVICE poll released Monday [2 January] said.

The survey involving the top executives of 100 Japanese blue-chip companies, including financial institutions, found that 45 of the pollees believe the economy has yet to recover.

Thirty-nine believe the economy has recovered, with 17 citing the first half of 1994 as the time when the economy turned around and 22 singling out the second half of 1994.

The poll was conducted in mid-December by questionnaire.

The Economic Planning Agency announced in November that the latest economic downturn hit bottom in October 1993, following its de facto declaration of an end to the economic slump in its monthly report on the economy for September.

Of the pollees, 13 replied that they believe the economy has almost recovered but with comments such as one pointing to "a recovery without a feeling of recovery."

Asked about the pace of economic growth for fiscal 1995 that begins April 1, 85 of the pollees predicted an inflation-adjusted pace of around 2 percent, below the government's projection of 2.8 percent.

But no pollees forecast flat growth or contraction for the next fiscal year and only one cited growth of more than 3 percent.

Mirroring the general cautiousness about the economy, 59 pollees said the average wage hike in this year's spring wage negotiations should be kept below the 3.13 percent last year.

But 15 said the wage hike should be more than last year's. In the previous year's poll, only two pollees gave such an answer.

Asked what economic policies should be pursued, 90 pollees pinpointed economic deregulation, with 84 saying it should help create markets and jobs.

Government regulations, largely designed to prevent excessive competition at home and protect business establishments, have long been the target of foreign criticism as hindering access to Japanese markets.

The poll found, however, that many Japanese executives are skeptical about them, with many blasting such regulations as undermining private-sector activity and leading to excessive government intervention.

Also cited are an increase in public works spending (35), maintaining low interest rates (45) and market opening (28).

Plural answers to the question are allowed, meaning the total does not equal 100.

Asked to cite Japanese business practices which should be reviewed, 73 pollees singled out the traditional seniority-based wage system.

But only 19 cited the life-time employment system, which together with the seniority-based wage system is considered a fixture in the Japanese labor market.

Among other responses to the question, 52 pointed to the traditionally market share-oriented and sales volume-first practice, a sign that an increasing number of executives are putting emphasis on profitability.

Asked how to deal with the yen's appreciation, 61 cited cost-cutting efforts like rationalization, 47 said expansion of imports of raw materials and 37 suggested expansion of production abroad.



Among other findings, the average projection calls for an exchange rate between 94.9 yen and 106.5 yen to the dollar.

Asked to choose the best word to describe the year 1995, many cited "innovation," "structural change," "structural reform," "recovery," "regeneration" and "leap."

#### **Editorial on Parent Company-Subsidiary Relations**

952A0169A Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Nov 94 p 2

[Editorial: "Subsidiary-Parent Company Behavior"]

[FBIS Translated Text] "As many as 37 percent subcontracting firms report that business from parent companies has dropped a third or more." A survey that the Ministry of International Trade and Industry [MITI] recently compiled on 3,200 companies is clarifying the situation for medium and small businesses due to industry's expansion overseas.

The number of firms saying orders "have diminished" increases to three-fourths when those answering that orders "have disappeared" are included on the change in order volume from parent companies over the past year. For one-half of the companies the scope of diminution in order volume is 10-30 percent.

Subcontracting industries are affected by the stagnation in parent-firm sales during periods of economic sluggishness. Now, added to that, domestic production is declining due to parent firm restructuring and expansion overseas. Of particular note is that the proportion of companies fearing that domestic production will fall due to parent firms' overseas expansion is climbing rapidly, according to a survey on changes in order volume for the year to come.

Subsidiaries responding that their parent firms, many of them in such fields as electrical equipment and transportation equipment, already have operational activity overseas amount to 47 percent. Besides their reduced orders, subsidiaries associated with them are being asked to lower their unit prices, to raise quality and precision further, and to shorten delivery times.

So far, the picture has been a pyramidal production structure with parent firms at the apex. This latest MITI survey shows that severe winds have begun buffeting the subcontracting firms. Pursuant to parent firm expansion overseas, three-fourths of subsidiaries are not asked to cooperate in supplying parts for local production bases. That means many parent firms are trying to build new production systems, including procurement at their overseas locations and parts production in plants there, too.

Due to the rapid advance of the high yen, the family structure of Japan's processing and assembly industries has begun to break down. A restructuring of Japan's unique broad-based production configuration—from

parent firms, primary subsidiaries, and secondary subsidiaries to tertiary subsidiaries—has become inevitable. It is thought that even parent firms with domestic markets will enforce a sorting out of subsidiaries even more than before.

Subsidiaries will have to transform themselves. In the auto industry, where corporate expansion overseas happened relatively early, there are subsidiary parts makers with technological strength that accompany their parent firms abroad, as well as those that work out their survival by leaving the parent firm, taking on relationships with multiple firms or pioneering other fields.

Today, with the economy as a whole becoming borderless, it is difficult to conceive of the familial form of production staying as it is now. One might say it is now in process of shifting to a "network-type" specialized structure. Subsidiaries also must elevate their self-reliance as businesses by building up their own technology and know-how, product development, opening up new fields, dispersing their clientele, and the like. The nation also should further stress supportive measures to smooth the way for structural change.

#### **Political Party Leaders Issue New Year Messages**

OW3112060494 Tokyo KYODO in English 0515 GMT 31 Dec 94

[Embargoed by KYODO until 2000 GMT 31 Dec]

[FBIS Transcribed Text] Tokyo, Jan. 1 KYODO—Japanese political parties issued New Year messages Sunday [1 Jan], expressing their varying determinations for 1995.

Liberal Democratic Party (LDP) Secretary General Yoshiro Mori stressed his resolve to renew the party this year to commemorate its 40th anniversary.

"At this year's party convention marking the 40th anniversary of the party's formation, I will declare the regeneration of a new LDP," Mori said in his New Year message.

Mori said the LDP will make new visions on industries and employment, challenge various reforms including administration and decentralization, and promote international cooperation.

"Without forgetting the original point of forming the three-party coalition government, I will support the Murayama regime firmly," Mori said.

The Social Democratic Party [of Japan] (SDP) [SDPJ] headed by Prime Minister Tomiichi Murayama forms the present coalition government with the LDP and New Party Sakigake [Harbinger].

SDPJ Secretary General Wataru Kubo said he will form a new democratic liberal party "to shoulder Japan's politics in the 21st century with his own efforts."



Opposition Shinshinto (New Frontier Party) chief Toshiki Kaifu said he will tackle political, economic and educational reforms with courage.

Kaifu, a former prime minister, also said in his message that Shinshinto, inaugurated on Dec. 10, will try to transform Japan into a new and safe country.

Japanese Communist Party (JCP) Presidium Chairman Tetsuzo Fuwa said in a New Year message that he will make utmost efforts with the aim of bringing about revolutionary changes in political power with the advancement of the JCP.

JCP Chairman Kenji Miyamoto has downplayed anxieties about his health condition following his June hospitalization as a result of a bout of cerebral anemia, according to the JCP newspaper AKAHATA (RED FLAG) published Sunday.

"I would like to emphasize with strong confidence that a human's long life implies advancement in the social role played by the human," Miyamoto, 86, said in an interview with the AKAHATA.

Meanwhile, Takako Doi, speaker of the House of Representatives, said she hopes Japan's will against war will be shown inside and outside the country in the shape of a Diet resolution.

Bunbei Hara, president of the House of Councillors, said 1995 is important as it marks the 50th anniversary of the end of World War II.

#### **More on Murayama's News Conference**

*OW0101135695 Tokyo NHK General Television Network in Japanese 2330 GMT 31 Dec 94*

[News conference by Prime Minister Tomiichi Murayama with unidentified domestic reporters at his official residence in Tokyo—recorded]

[FBIS Translated Text] I wish all of you a happy New Year. This year will mark the crucial 50th anniversary of the end of World War II. In five years, we will mark the year 2000. During this New Year's news conference, I would like to spell out my views on the basic direction of building a new nation.

The Murayama cabinet was inaugurated last June. The three ruling coalition parties that formed the Murayama cabinet have boldly pushed for reforms while reforming themselves and cooperating with each other, worked to build transparent and democratic politics, and pursued the type of politics with which the people can feel at ease. As a result, I believe the three ruling coalition parties have made major breakthroughs in such knotty issues as the long-pending political reforms, tax system reforms, pension system reforms, legislation for the relief of atomic bombing victims, Japan's participation in the World Trade Organization that was inaugurated today, and the Japan-U.S. economic framework talks.

With the 50th anniversary of the end of World War II approaching, while looking back at the past 50 years, I would like to express my appreciation to my predecessors for their efforts to build the foundation for today's prosperity in Japan. I intend to resolve the remaining issues in a perfect way. While looking ahead to the coming 50 years, I will strive to bring a new leap forward for Japan by turning it around and making it creative. As I have long stated, I intend to work to build a type of politics that cares about the people, and practice a lofty democracy that cares about the feelings of ordinary people. From this standpoint, I will work to build a nation that is full of creativity and tenderness on the basis of the four tasks that I will spell out during this news conference.

First, I intend to build an economic society that is full of freedom and creativity. Various strains are taking place in the politics and administration that have shored up Japan's growth over the past 50 years since the end of World War II, the relationship between the public sector and the private sector, and the relationship between the central government and local autonomous governments. I believe the people, who desire to make their livelihood freer and more affluent, have high hopes for administrative reform. I intend to press ahead with administrative reform by boldly promoting the relaxation of regulations, the reassessment of special public corporations, government decentralization, and the freedom of information. I am resolved to create new major trends under which the authority is transferred from the public sector to the private sector and from the central government to local autonomous governments, and to open a new frontier by using the private sector's vitality. I am convinced that I will be able to build a new economic society that is full of freedom and vitality. In this sense, the administrative reform is a stepping stone to building an open society and for making a new leap forward.

Japan's economy has begun to show signs of lackluster growth following the burst of the bubble economy. With the hollowing out of industry taking place and unemployment growing, future uncertainties are spreading in Japan. I believe that to bail Japan out of this situation as soon as possible and open bright prospects, my cabinet will have to work on reforming the current economic structure. Specifically, my cabinet will have to vigorously work to relax regulations and rectify the conventional practice of business with the aim of largely narrowing price differentials between Japan and other industrial nations. My cabinet intends to look for and expand new economic areas by creating a climate wherein creative and enthusiastic people can do their business vigorously and freely. My cabinet also intends to create a flexible labor market wherein workers can freely opt for their jobs without feeling any pains resulting from unemployment.

From this standpoint, the Reform of Industrial Structure and Unemployment Measures Headquarters was set up under the cabinet last year and it has worked on bold



steps. Second, it is necessary to create intellectual property that will be handed down to the next generation. For Japan, which lacks natural resources, human and intellectual property are the greatest resources. It is also necessary to create new industrial areas by encouraging basic research and development of new high technologies. Japan is being asked to make positive contributions to the solution of such global issues as the issue of conserving the environment and the AIDS issue. To that end, it is necessary to lay the necessary foundation for the research and development of both software and hardware.

We are about to enter an age when we can obtain a variety of information about other nations with a single computer operation, thanks to the development of communications technology around the world. I myself have experience with operating a computer terminal. We will be able to consult with doctors about our diseases, study, and buy what we want from our homes as high-speed information technology makes progress. I expect that our lives will become easier and more affluent. I will work to build information networks in government offices, schools, hospitals and libraries. At the same time, I believe that Japan should aggressively participate in building a global information network. The creation of intellectual properties means the creation of a new culture. Last year, Kensaburo Oe was awarded the Nobel Prize in literature and I am truly pleased with his winning the prize. As seen in recent bloody incidents, people around the world are suffering a loss of their moral values. I believe that the loss of their moral values is one of the serious issues facing the world community. The Japanese should move from their physical affluence to a spiritual affluence, and create culture and arts in which they can take pride. The Japanese also should use the new culture and arts to improve their lives, build new communities and promote international exchanges. I would like to ask our people to promote their culture.

Third, it is necessary to build a gentle society where the people can live at ease. In the 21st century, Japan will become a society of senior citizens. To build a gentle society where the people can live at ease, every person must have tenderness and sympathy toward others, and we need to create a framework under which the people help each other. For example, we need to revamp the current nursing system to enable the aged to spend the rest of their lives free of concern. We also need to create a mechanism under which the aged can continue to work if they so wish. At the same time, it is important to help the disabled live self-reliant lives and return to society. What I have recently felt keenly is that education should concentrate on an exchange of feelings among children through communication. Children, who will be responsible for the 21st century of Japan, should open their minds to each other. Now, we need to seriously think of their education at school and at home. We can never overlook the issue of guns and drugs. In order to keep society off guns and drugs, it is necessary to crack down

on them, but every Japanese must be firmly resolved to protect their society that is known as the safest in the world.

Toward the end of last year, my government drew up a basic plan for the environment in accordance with the Basic Law on Environment. I believe that we need to protect our beautiful and affluent environment and call upon all people to participate in building a society that can coexist with nature.

Before closing my statement, I would like to say that Japan should help build world peace by making international contributions compatible with its economic power. With the crucial 50th anniversary of the end of World War II ahead, I intend to deal vigorously with issues resulting from the past war while taking the position that Japan should search its soul regarding its past action and wipe the slate clean. I also intend to steadily carry out the peace and friendship plan. At the same time, as I have often stated, I will work to spread the politics of caring about the people to other nations. I believe that I will have to work to keep the world in peace while vigorously grappling with such global issues as poverty, famine, population, food, environment and resources, and AIDS.

Last year, I visited many Asian nations and I was greatly impressed with their powerful vitality. I felt keenly the high expectations they pin on Japan. Japan will walk the path for prosperity together with those Asian nations. This year, Japan will host meetings of the APEC. I intend to aggressively work for the liberation of trade and investment while making preparations for the APEC meetings. I plan to play a greater role in stabilizing the Asia-Pacific region and making the region prosperous. The promotion of disarmament is an important task with which Japan must come to grips. This spring, an international conference will be held to discuss the issue of extending the nuclear Non-Proliferation Treaty and Japan will advocate extending the treaty indefinitely. Japan also will work for early settlement of the negotiations on a total nuclear test ban. This year falls on the 50th anniversary of the founding of the United Nations. Japan will vigorously work on restructuring the United Nations and the UN Security Council.

This year, an international conference on women will be held in Beijing. Japan views women as important players in developing the economy, and Japan will provide assistance to projects implemented for women in developing countries. Next week I will visit the United States to meet with President Clinton. With the 50th anniversary of the end of World War II ahead, I intend to strengthen the relations of trust between Japan and the United States by holding in-depth discussions with the President about the direction of building a long-term relationship between our two countries. I believe that strengthened relations between Japan and the United States will be important to world peace and stability.

I have spelled out the four tasks and I hope that I will accomplish these tasks. Whether or not the new century



will emerge as a brilliant one is up to each of us. I am convinced that if I walk the path toward the 21st century, together with all of you, with confidence, encouragement and hope while listening to people from all walks of life, the way will unquestionably be opened to build a gentle and creative nation.

I wish that this year will become a splendid and fruitful year for each of our people.

[Dean of the press corps] Well, now I will start with my questions. You have mentioned just now four tasks in your New Year's message. My first question concerns to which theme you will give top priority in dealing with these tasks, and how do you plan to tackle it in practical terms?

[Murayama] As I have just said in my New Year's message, this year marks the 50th anniversary of the end of World War II. While looking back on the past years and also looking at future prospects at this juncture, I stated that a new leap forward from reform to creation will be taken. I am determined to create a government that cares about people by attaching great importance to the four tasks that I have just mentioned.

With regard to domestic issues, I plan within this month to ask the Advisory Council on Economic Affairs to draw up a new economic program oriented to the 21st century. I feel that one of the major tasks is to make public the long- and medium-term economic prospects on the basis of this new program, and at the same time energetically promote structural reform of our economy, including measures to deal with the employment problem, by reducing price differentials between domestic and overseas markets, and also by exploring new economic fields such as information and communications.

In the meantime, since the administrative reform, as I have just mentioned, is one of the major tasks imposed on this cabinet, positive efforts will be made to tackle such issues as deregulation, review of special public corporations, decentralization of administrative power, and making information available to the public. In fact, programs have already been mapped out to tackle these issues now.

As for our diplomacy, I think that since our country—as I have just stated—has attained such an economic power and played a role that is worthy of worldwide attention, we must play a positive role, within the framework of our Constitution, in tackling various problems such as environment, population, poverty and hunger, and disarmament.

[Dean of the press corps] Mr. Prime Minister, you will pay your first visit to the United States in your capacity as prime minister beginning 10 January. I would like to ask you about your views of the significance and objectives of the upcoming Japan-U.S. summit talks, and also about major topics to be discussed.

[Murayama] As I have just mentioned, this year marks the 50th anniversary of the end of World War II, and with the collapse of the Cold War structure, the whole world is now trying to seek a new order. Under such circumstances, I think one of the major tasks in the future concerns how to build a closer cooperative relationship between Japan and the United States while looking further to the 21st century. Because the role Japan and the United States are playing in the Asia-Pacific region is growing bigger than ever, among other things, I wish to talk frankly about this issue, too.

[Dean of the press corps] The new electoral system for the lower house was put into effect some time ago. However, it has been said within the coalition parties that the current cabinet should once again complete the budget compilation before dissolving the lower house. I would like to ask your views, Mr. Prime Minister, on the timing for asking the people for their judgment.

[Murayama] As you have just mentioned, the new electoral system has been put into effect now, and it has been said that it will be desirable for the administration to make a new start by asking for the people's choice on the basis of the new electoral system. I am fully aware of such an opinion.

However, as I have said for a while now, we are currently faced with various historical and important tasks, in particular such issues as administrative reform, deregulation, review of special public corporations, and decentralization of administrative power. At the same time, our country will host the APEC conference this fall, and since we have to tackle these urgent and important tasks both at home and abroad, I don't think we are allowed to create a political vacuum at this time. Moreover, we are now in an important juncture as our economy has at long last come to gradually regain bright prospects. When all these factors are taken into account, I don't think now is the time to dissolve the lower house.

However, since united local elections will be held in April and the election for the upper house will be held in July, there will be a chance for us to ask our people about the orientation of the national administration. I feel we must make our judgment with caution by taking all these factors into consideration. Therefore, I have no intention of dissolving the lower house for a general election for the time being.

[Dean of the press corps] My next question concerns the new party concept of the Social Democratic Party of Japan [SDPJ]. The SDPJ intraparty moves connected with the formation of a new party seem to somehow indicate a possible party split. Mr. Prime Minister, how do you analyze these moves as well as the possible influences on the political situation as a whole? And I would also like to ask how you plan to bring your leadership into full play in your capacity as party chairman, in order to straighten out this situation?

[Murayama] Well, I have listened to various intraparty arguments as well as opinions expressed by those who



are concerned with our party, and there seems to be a considerably strong opinion indicating that it is undesirable to follow an argument of forming two conservative parties, and that it is desirable to have a political party that will play the role of strictly maintaining peace and democracy, and of protecting the position of the weak on the basis of a genuinely citizen's standpoint.

However, since nearly all those who are concerned have agreed that the SDPJ should be made to outgrow such a party and change into a new party, efforts must be made to move toward this orientation. Since the SDPJ is now the political party that heads the coalition administration, it has due responsibility to our people. I feel that under the current situation, our party as a whole should make efforts, while fulfilling its responsibility, to tackle the issue of forming a new party. Since a general accord has been reached on the issue, I am convinced that with the party as a whole making such a move, there should be no serious commotion.

[Dean of the press corps, turning to other reporters] I have no more questions to ask. Now, please go ahead with your questions.

[Reporter] Mr. Prime Minister, you have just said that you will stake the cabinet's destiny on administrative reform. In carrying out the reform, do you have any plans to form a more cooperative system? In other words, do you plan to carry out a cabinet reshuffle by the next Diet session?

[Murayama] So far, with both chief cabinet secretary and director-general of the Management and Coordination Agency playing the central role, we have been making efforts to promote administrative reform, particularly revision of the system connected with special public corporations. They have separately consulted with every cabinet member, hoping that results will be achieved by the end of this fiscal year. Since we are determined to take measures and engage in drawing up concrete plans for revising the system of special public corporations, I would like to ask you to look forward to the results.

[Reporter] Do you mean that you are not considering any cabinet reshuffle?

[Murayama] Did you say the issue concerning the cabinet reshuffle? Well, since all cabinet members are right now trying hard to tackle various pressing issues in one united body, I have no intention to reshuffle the cabinet for the time being.

[Reporter] I would like to ask you about the PKO issue. Now that the Self-Defense Forces [SDF] units have returned from Rwanda, how would you assess the SDF's Rwanda mission? And the United Nations has requested our country to send a SDF mission to the Golan Heights to participate in the PKO operations. I would like to ask you about the government's policy on this issue, as well as on lifting the freeze on PKO participation.

[Murayama] With regard to the relief work for Rwandan refugees, I met with the UNHCR's Sadako Ogata some time ago during her return to Japan. I have learned that the SDF mission has been spoken of highly, and I think I should offer my appreciation to those SDF personnel concerned because they have done their best. The SDF has now accumulated experience in this concern on several occasions, including the Cambodian mission.

I hope that, based on these experiences, Japan will continue to deal positively with this issue in the future within the framework of our Constitution. However, I have no intention at this juncture to reconsider our position on the PKO issue. I feel that we will have to study this issue further and with caution on the basis of these experiences.

[Reporter] Mr. Prime Minister, my question concerns the SDPJ. You have often stated that the SDPJ as a whole should be shifted to a new party. Meanwhile, the New Liberal League seems to move toward leaving the party. What do you think of such a move? For instance, how many members do you think will leave the party and what plans do you have to deal with this issue?

[Murayama] Well, since there is contradictory information on the issue, I am not in a position to state clearly at this juncture how the issue will develop. However, as I have just stated, the coalition administration is composed of three parties, and in reality, we have been fulfilling our responsibility to the people. Since our party members have fully approved of our fulfilling this responsibility, I don't think their move will have any influence on the administration. Even if some members should intend to leave the party, I think there will be a certain limit.

[Reporter] There are many SDPJ members who want to leave the party. Mr. Prime Minister, what do you think makes them wish to leave the party? Previously, you made remarks to the effect that the secession of some members is inevitable. Now, do you still feel that you cannot stop them if they really want to leave the party?

[Murayama] As I said earlier, there is no big difference in opinions on what sort of a new party we need to play a role in Japan's politics. But I think there are some differences on what steps should be taken to create the new party. Therefore, I have heard that it was unanimously decided at a central executives committee meeting on 22 December that an emergency party convention be held hopefully around 11 February. In this sense, I do not think there is a wide difference in views on the creation of the new party between us and those who are said to be eager to leave the party. So, I cannot understand why they want to leave the party now.

[Reporter] You regard the APEC meeting in Osaka as one of the reasons for not dissolving the Diet for a general election. Does this mean there will be no general election this year?



[Murayama] No, I am not saying there will or will not be a general election this year. I am saying I have no intention so far to dissolve the Diet for a general election.

[Reporter] Mr. Prime Minister, I would like to go back to the issue of the SDPJ. Do you have any intentions, as chairman of the SDPJ, which is in power, to directly meet members of the New Democratic League [NDL], which is moving toward forming a new party, to discuss the fate of the party?

[Murayama] Yes, I would like to positively talk with them this year. This is a matter of course that the chairman should discuss with them. Since it is my bounden duty to strengthen the party's unity and meet the people's expectations, I want to play an active role.

[Reporter] I would like to ask you about the issue of reviewing special status corporations.

[Murayama] Excuse me?

[Reporter] About special status corporations. There is the case of [word indistinct] of the Science and Technology Agency [STA]. Mr. Prime Minister, what is your view on the resistance of the bureaucrats.

[Murayama] Well, as is known, each special corporation has its own background, and they are still in existence. We can see that in promoting efforts to get rid of special corporations, there is no doubt we will face some resistance not only from bureaucrats but also from those concerned. However, some special corporations seem to have lost their reason for existence in this changing world. In addition, I think some other special corporations need to be privatized or consolidated for more efficient operations. Since it is necessary to meet the people's expectations under the unity of the government and the bureaucrats while checking the necessity of those special corporations, I am rather indifferent to the bureaucrats' resistance.

[Reporter] Mr. Prime Minister, I would like to ask you about diplomatic issues. As you have mentioned earlier, there is an informal APEC meeting in Osaka in November. Chinese President Jiang Z'emin is scheduled to attend the meeting. Meanwhile, Taiwan is expected to pursue a positive foreign policy. I would like to ask you two questions: your view on Japan-U.S. relations and Japan-Taiwan relations from now on, and the timing of your visit to China.

[Murayama] The APEC meeting is scheduled to be held in Osaka in November. As I have clearly mentioned, Japan firmly observes the Japan-China Joint Declaration. As for our policy toward Taiwan, we will treat Taiwan as we did at the recent APEC meetings in the United States and Indonesia. Therefore, I have clearly stated that Japan will not recognize two Chinas. What was the other question?

[Reporter] About your visit to China.

[Murayama] Oh, yes. A long ordinary Diet session will begin soon. While taking into consideration the progress of the Diet and the situation in China, I would like to pay a visit to China as early as possible.

[Reporter] Mr. Prime Minister, the issue of helping North Korea transform its reactors into light-water type is expected to be a major task to be solved this year. On this matter, New Frontier Party [NFP] Secretary General Ozawa expressed doubt, saying nuclear inspections to undeclared sites has been shelved and noting a U.S.-DPRK agreement as vague. Since it is expected to cost a huge amount of money to help the DPRK, how do you plan to sweep away suspicions about the DPRK's past nuclear development, and to win the people's understanding?

[Murayama] When I met President Clinton in Naples, I clearly conveyed him how the Japanese people feel about the nuclear issue. Therefore, it is natural that the issue of North Korea's suspected past nuclear development should be solved. The idea of introducing light-water reactors emerged in order to settle the issue. I think the nuclear issue is not only a problem for neighboring nations but also a global issue. Therefore, with Japan and the United States playing a central role, as well as cooperation of the G-7 nations, this issue should be discussed within the international framework. I stated such a position at the recent Japan-U.S.-ROK summit talks in Indonesia, and I would like continue to proceed with our work.

[Reporter] Mr. Prime Minister, I would like to ask about a review of special corporations. Although the government has been studying this matter, there are views that in the face of the 10 February deadline, the prime minister eventually needs to exercise leadership in making a final decision. What have you decided, and what sort of leadership do you plan to take?

[Murayama] As I have said earlier, with the chief cabinet secretary and the Management and Coordination Agency director general taking the initiative, all the publicly-funded corporations are under review. In addition, we are hearing opinions from various fields both at home and abroad. Therefore, I would like to say that in order to reach a conclusion around 10 February, I am resolved to come to grips with this issue.

[Reporter] As for making information available to the public, the administrative reform committee is scheduled to study this issue. Mr. Murayama, in what form do you plan to open information to the public?

[Murayama] In what form? It is difficult to understand this meaning. But since we are an information-oriented society, it is important to give information to the people as precisely as possible. Some local governments or towns have already established their own regulations, and in a sense, this is the trend of the times. Therefore, I would like to proceed with the work through study of the administrative reform committee and come to a



conclusion in two years including the framework of regulations on open information. As I have just said, I would like to further promote our efforts.

[Reporter] Mr. Prime Minister, [word indistinct] the fact that the United States tried last year to sell stamps featuring the A-bomb mushroom has revealed there is a conflict of public sentiment between Japan and the United States. This year marks the 50th anniversary of the ending of the war, and when you meet President Clinton early this year, do you plan to touch on such public sentiment, and if you do, how will you refer to that?

[Murayama] Facing the 50th anniversary of the end of the war, there must be many ways to generalize the past 50 years. But I think we can share a view that we have to remove regional strife and wars for good from the earth. Therefore, with such a history in mind, I think it is important to disinterestedly discuss how Japan and the United States can cooperate with each other in creating a coexisting, peaceful society in the world. On such issues as environment and the population in particular, as I said earlier, Japan, in concert with the United States, has to play a greater role particularly in those areas. Therefore, I would like to positively discuss those matters with the President.

[Reporter] Mr. Prime Minister, about market opening [word indistinct] In adjusting the industrial structure, you have to make up your mind to the possibility of a sharp increase in joblessness. To deal with this, you have said that a measure will be taken to create a flexible employment market. But it is too abstract. After all, do you plan to take financial measures to protect unemployed people or entrust the issue with [word indistinct].

[Murayama] Late last year, we established the Industrial Reform and Employment Promotion Headquarters within the Cabinet. So-called industrial hollowing-out will be further seen in Japan, and given such a situation, we need to develop more advanced technology, and in particular it is important to expand new industry in the so-called information industry. In making efforts to improve such industries, including material industry amid the changing economic structure wherein new industries will be created and the demand for employment increases, we need to fully study the possible establishment of a structure under which labor turnover will be carried out flexibly. In this sense, I think it is important to see that industrial or economic structural reform and stabilizing of the employment situation are inseparable. For that reason, I established the headquarters last year to deal with such reform, and I am the chairman of it.

[Reporter] Mr. Prime Minister, I would like to ask about your position on seeking a permanent seat in the UN Security Council [UNSC]. Your position on this issue [word indistinct] is unclear. What is your position?

[Murayama] Well, as Foreign Minister Kono clarified in his speech delivered at the United Nations last year,

Japan will actively play a role in making international contributions within the framework of Japan's peace Constitution. Therefore, the issue of becoming a permanent member of the UNSC will not come into being unless the United Nations is reformed. As I said earlier in the statement, I think the UN will be reformed more and more, and that the roles the UN has to play in wide-ranging areas—not only the security area but also global environmental issues, food issues, human rights issues, etc.—will increase. I think there are roles Japan can play in such areas. On the precondition that the UN will be reformed, I hope many countries will support us by having a correct understanding of the roles Japan can play. I hope the Japanese people will also have the right understanding of the roles Japan can play. I think this is an issue which has to be studied under such circumstances.

[Reporter] Prime minister, a lower house election will be [words indistinct]. What kind of posture is the SDPJ planning to assume to promote a campaign for the lower house election, and how is the party planning to appeal to the voters? Also, I think that you, as chairman of the party, will have to bear the responsibility if the SDPJ loses the election. Can you comment on this?

[Murayama] The election will be held in July. I should not comment on something that is based on an assumption. We are trying to do our best in buckling down to the task of how to win the election and increase the number of our seats in the lower house. It is too early to comment on what I will do to assume responsibility if we lose the election. This is a topic which does not suit new year's day.

[Reporter] You said you wanted to talk about the future course of long-term Japan-U.S. relations when you visit the United States. Do you mean to say that you will also talk about the Japan-U.S. security system itself?

[Murayama] Well, I think we will talk about various matters. As I said, we may talk about overall future Japan-U.S. relations. We may exchange views on future security in the entire Asia-Pacific region, the North Korean issue, how we can cooperate with each other for the seven industrialized nations' summit talks slated to be held in Canada, or how the United States can cooperate with us for holding the APEC meeting, which will be held in Osaka. I think we will talk about these issues.

[Reporter] Needless to say, the issue of the inflow of foreign workers will be discussed at the World Trade Organization too. Japan is restricting the inflow of foreign workers now. However, what kind of stance are you going to assume in the future? Also, can you comment on treatment of foreign workers?

[Murayama] Japan introduced certain criteria regarding acceptance of foreign workers. Therefore, I am of the view that we should deal with the issue in accordance with that criteria. However, the issue, which become an international problem, is not the migration of the work



force. Rather, the issue is how we will connect the development issue with the unemployment issue. The unemployment issue is becoming a very serious problem in international society. I rather think such an issue is becoming an international problem.

[Unidentified dean of the press corps] Since there is not much time left, we will accept one more question.

[Reporter] Prime minister, I strongly felt that you are determined to do your best to win the lower house election. However, you made a short remark earlier that you are not planning to reorganize the cabinet. Can I interpret your remark in such a way that you are not planning to reorganize the cabinet, at least before the upper house election?

[Murayama] Our party members are doing their best to buckle down to the tasks they are confronted with for the time being. Also, we finally finished compiling the budget late last year, and budget deliberation is yet to start at the ordinary Diet session. During the Hosokawa administration I opposed the idea of reorganizing his cabinet. At that time, I expressed my opinion saying, as one of the main reasons for opposing the cabinet reorganization, ministers who were involved in preparing a budget should answer questions at the Diet to get the budget approved. Keeping that in mind, I want the ministers who are willing to do their best in approving the budget to deal with the issue [of approving the budget]. After all, I am of the opinion that they should remain in their posts for at least one year. Therefore, I said I have no plan to reorganize the cabinet.

[Unidentified dean of the press corps] Time is up. We will end the news conference now.

[Murayama] Thank you very much.

### **Rejecting Idea of Early Election**

*OW3112033694 Tokyo KYODO in English 0252 GMT 31 Dec 94*

[Embargoed by KYODO until 2000 GMT 31 Dec]

[FBIS Transcribed Text] Tokyo, Jan. 1 KYODO—Prime Minister Tomiichi Murayama has dismissed once again the possibility of dissolving the House of Representatives for a snap general election under a new polling system at an early date so that his government can concentrate on tackling a plethora of urgent tasks.

Speaking at a news conference marking New Year's day, the premier said the nation cannot create a political vacuum at a time when it faces numerous policy challenges such as administrative reform.

Murayama, 70, also insisted that the next general election should not be timed at least before the Asia-Pacific [Economic] Cooperation (APEC) forum in Osaka in November, which Japan hosts.

"I don't think now is the time to dissolve the lower house," he said. "I have no intention of dissolving the lower house for a general election for the time being."

Although the new electoral system for lower house polls has taken effect, he said, the general election should not be hastily contested because voters' opinions will be sought in the united local elections in April and the House of Councillors poll in July.

The fresh electoral formula combining single-seat voting districts with proportional representation was introduced in late December as part of the nation's years of political reform efforts to end corruption pervasive in public life.

On a possible shakeup of his six-month-old cabinet before the next ordinary session of the Diet opens later this month, Murayama said cabinet ministers who were involved in the formulation of the fiscal 1995 state budget should field questions about the budget program in the Diet themselves.

"Right now, they are all highly motivated and trying hard to tackle the pressing issues," the premier said. "I think cabinet ministers should do their jobs at least for a year."

Murayama also expressed hope that he can confer with U.S. President Bill Clinton in Washington next week over closer bilateral cooperation toward the 21st century as 1995 marks the 50th anniversary of the end of World War II.

"Because the role Japan and the United States are playing in the Asia-Pacific region is growing bigger than ever, among other things, I wish to talk frankly about this issue, too," he said.

High on the agenda at the summit with Clinton will be security in the entire Asia-Pacific region, North Korea's nuclear program, the Group of Seven summit in Halifax in June and the informal summit of APEC leaders, Murayama pointed out.

Touching on ties with China, the premier reiterated that Japan will continue honoring the 1972 Japan-China joint declaration that established diplomatic channels between Tokyo and Beijing, and the 1978 peace and friendship treaty.

Japan has revealed it has no plan to invite Taiwan President Li Teng-hui to the APEC talks in Osaka in November. Tokyo found itself in a diplomatic quandary last year when Beijing protested Japan's aborted plan to invite Li to the Asian Games in Hiroshima.

Asked on the timing of his possible visit to China, Murayama said he will consider the Diet schedule and the convenience on the part of China before deciding.

"While taking these into account, I want to visit China as early as possible," the premier said.



According to government sources, Murayama is considering paying an official visit to China in a Japanese holiday period between March 19 and 21 or during a holiday-studded week in early May.

Concerning his cabinet's most important task of streamlining the all-powerful bureaucracy, Murayama made clear that his administration will shape a course for a review of government-backed companies by the close of fiscal 1994 on March 31.

Administrative reform focuses on the review of 92 special public corporations and the drafting of a five-year deregulation plan, also by the end of this fiscal year.

Murayama also revealed his government will draw up a new economic program toward the 21st century and take necessary steps to revamp the nation's economic structure and secure employment simultaneously so as to check the "deindustrialization" of Japan.

The premier unveiled a four-point policy guideline for his administration. The "Murayama vision" aims to press ahead with streamlining the government and promoting the information and communications industry.

The government also intends to take steps to express Japan's remorse for its wartime actions in Asia and to seek the indefinite extension of the nuclear Nonproliferation Treaty beyond 1995.

#### **Murayama To 'Beef Up' Secretariat's Functions**

*OW0201081895 Tokyo KYODO in English 0744 GMT  
2 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 2 KYODO—Prime Minister Tomiichi Murayama plans to beef up the functions of the cabinet secretariat as a major step toward gaining the upper hand over the powerful bureaucracy and push for administrative reform, government sources said Monday [2 January].

The centerpiece of the program will be the introduction of advisers to the premier who will be named from the private sector or from among Diet members, the sources said.

The plan also aims to strengthen the functions of the cabinet secretariat so as to gather information from government ministries and agencies, coordinate policies among them and formulate a strengthened crisis management policy, the sources said.

But the scheme may not go as smoothly as the premier expects in the face of a burgeoning rift between politicians and bureaucrats, they said.

Last year, Deputy Chief Cabinet Secretary Nobuo Ishihara drafted a plan to upgrade the status of the heads of three key cabinet offices from the current ministry bureau chief-level posts to ones of administrative vice minister-level.

However, Chief Cabinet Secretary Kozo Igarashi stood in the way of the scheme devised by the top bureaucrat, saying it would only contribute to strengthening the power of bureaucrats.

The three cabinet bodies are the Cabinet Councillors' Office on Internal Affairs, the Cabinet Councillors' Office on External Affairs and the Cabinet Security Affairs Office.

The proposed adviser system is intended to use more ideas from scholars and politicians and reduce bureaucrats' influence in decision-making, the sources said.

Currently, the premier has three advisers, one each appointed from the three ruling coalition parties. But their roles are not clear as they have no legal status at the premier's official residence.

Igarashi, a close aide to Murayama, is eager to make clear the legal powers and roles of the planned advisers to the premier if such a system is introduced, the sources said.

As for the strengthening of the cabinet secretariat, Murayama is considering reviewing the functions of the cabinet bodies in a comprehensive manner, the sources said.

The cabinet plans to send a fact-finding mission to Britain soon to explore the possibility of upgrading the functions of the cabinet, they said.

#### **Survey Previews Upcoming General Election**

*OW0201113395 Tokyo KYODO in English 0958 GMT  
2 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 2 KYODO—More than 960 candidates are planning to jockey for seats in the next general election expected sometime this year, a KYODO NEWS SERVICE national survey showed Monday [2 January].

The number considering running in the next election for the House of Representatives in the 300 single-seat constituencies under a new polling system includes about 385 from the three ruling coalition parties—some 260 from the Liberal Democratic Party (LDP), some 95 from the Social Democratic Party (SDP) [of Japan—SDPJ] and some 30 from New Party Sakigake [Harbinger].

Prime Minister Tomiichi Murayama is SDP chairman.

As for the opposition camp, Shinshinto (New Frontier Party) plans to field some 230 and the Japanese Communist Party (JCP) about 290, the survey said.

The survey found candidates from the three ruling parties will vie for a single seat in more than 80 constituencies. On the other hand, there are more than 40 voting districts in which no one from the ruling bloc will run.



Shinshinto, the result of a merger of nine opposition parties, has also nearly 40 electorates in which it will have to coordinate candidates. The party has not yet decided to field candidates in some 110 voting districts.

Both the ruling and opposition camps have been slow to select 200 candidates to be elected from proportional representation for the 500-seat lower house, according to the survey.

The fresh formula for general elections combining single-seat constituencies with proportional representation took effect on Dec. 25 last year replacing the multi-seat district system under which candidates from the same party often vie for two to six seats and spend money lavishly.

The winner-take-all nature of the battles in single-seat districts is expected to alter the electoral map drastically and accelerate a full-scale reconfiguration of political parties.

Although the next general election would not normally be contested until the summer of 1997, it is expected this year in view of the fluid political situation.

The LDP, the largest political party in Japan, decided at the end of last year on 104 candidates for single-seat constituencies and five for proportional representation as the first party-backed candidates. The list of candidates is scheduled to be approved at the party convention on Jan. 19.

However, the LDP will have to coordinate its candidates in about 40 electorates and also have some 80 districts in big cities and its vicinities in which the party has no candidates to field at the moment, the survey showed.

The SDP is considerably behind in its selection of its candidates for the next general election because of confusion over a proposal to transform the party into a new "liberal" and "democratic" force.

Several right-wing SDP politicians are poised to leave the party and form a new group before the next ordinary Diet session begins late this month. The left-leaning SDP legislators, who are strong supporters of Murayama, are circumspect on a quick disbandment of the SDP to launch a new party.

New Party Sakigake, headed by Finance Minister Masayoshi Takemura, plans to unveil a list of candidates for the next poll in mid-June.

In contrast, former Prime Minister Toshiki Kaifu's Shinshinto postponed the announcement of its first batch of candidates for the election as was originally planned for late last year. It was to unveil some 130 candidates in single-seat constituencies.

Behind Shinshinto's move lurks consideration of SDP legislators who are planning to break away from their party to inaugurate a new party, political insiders said.

Shinshinto aims to explore the possibility of electoral cooperation with the SDP lawmakers.

Meanwhile, the JCP has already decided on most of its candidates in single-seat electorates and 26 candidates who will run simultaneously in single-seat constituencies and under the proportional representation system, and nine to run under the proportional representation alone.

### Shinshinto Said Reeling From Intraparty Feud

OW0301070095 Tokyo SANKEI SHIMBUN in Japanese 29 Dec 94 Morning Edition p 3

[FBIS Translated Text] An anti-Ozawa group, including Keiwa Okuda, within Shinshinto [New Frontier Party] has been criticizing the political tactics used by Secretary General Ichiro Ozawa and the exclusion of almost all members of the anti-Ozawa group from appointments to the "Tomorrow Cabinet" and to major posts in Shinshinto. These acts have left deep anger and sown the seeds of triggering fresh intraparty strife in Shinshinto. Koichiro Aino and other lawmakers who cast their ballots for Deputy President Tsutomu Hata in the recent presidential election are expressing their intentions to form a policy group in January of next year. It seems likely that the appointments will further deepen the intraparty discord and make it difficult for the leadership to run Shinshinto.

No lawmakers, who backed Hata in the recent presidential election were appointed to major posts in Shinshinto, with the exception of Kazuo Aichi who was appointed acting head of the Administrative Reform Headquarters. Hajime Funada, who publicly vowed to cast a ballot for Hata in the presidential election, was appointed vice chairman of the Organization Committee. Some Shinshinto members are voicing discontent with his appointment, saying, "Funada assumed a post incompatible with his past experience," (says a senior member of the former Democratic Socialist Party). Some members of the former Democratic Socialist Party, who "ran around" to collect recommendations for Ozawa as secretary general, became members of the Standing Council of Secretaries. The same senior member of the former Democratic Socialist Party says it has been pointed that the appointments were an open retaliation.

Speaking at a party held at a Tokyo hotel on the evening of 27 December to commemorate 25 years of his career as lawmaker, Okuda said: "The realignment of political parties is still under way. The day will come before long when the people will unequivocally know who was honest and who was dishonest." Okuda went on to say: "Until now, I have worked to break up the party rather than form it. I, convinced that a new era will come, will try hard as long as I am alive." In this way, he showed his strong enthusiasm for playing a role in regrouping the established parties. Okuda, referring to Hata, who attended the party as a sole politician, said, "Hata is one of my allies and we are on the same boat." In response,



Hata hailed Okuda as an "excellent politician in Japanese political circles." At the party, they demonstrated their closeness by hailing each other.

Koichiro Aino, too, is declaring that he belongs to the antimain stream in Shinshinto. He says, "I will keep watch on how the leadership will run Shinshinto in the future."

### **Turbulence in Forming New Parties Viewed**

*OW0201144995 Tokyo BUNGEI SHUNJU in Japanese Jan 95 pp 224-228*

[Article by Taro Akasaka: "Inside Story of Turbulence in Shinshinto (New Frontier Party), New Democratic League"]

[FBIS Translated Text] "I say, Mr. Tsushima, a politician should not tell a lie." At a House of Representatives' special committee on taxation meeting, the Liberal Democratic Party's Takami Eto admonished Yuji Tsushima of "Kaikaku [Renovation Party]." Eto was furious with Tsushima after he one-sidedly reneged on an agreement between the ruling and opposition parties. Tsushima said: "I was told by my superiors that the agreement could not be approved." Kaikaku's broken promises and reneged agreements are not limited to the special committee on taxation.

Kaikaku had set out to filibuster deliberations on such bills as amendments to the pension law and bills related to the law covering the World Trade Organization [WTO]. For example, Kaikaku decided to step up, through all means, its stance of confrontation in deliberations on an amendment bill to the pension law, although there was no reason for the ruling and opposition parties to come to a showdown. After all, Saburo Toida, one of the dietmen who exerts the most influence on the Health and Welfare Ministry, was appointed chief director [of the Pension Welfare Promotion Public Corporation], as a compromise to persuade Kaikaku to settle the matter.

The proposal for redistributing single seat constituencies in the House of Representatives election was the only bill supported wholeheartedly by Kaikaku, which was stepping up its confrontation against the Murayama cabinet. On 21 November, the bill was passed and given final approval at the lower house's plenary session. On 25 November, the law was promulgated. Any time after a one-month public notice period, which begins on 25 December, it becomes legally possible to dissolve the House of Representatives and conduct a general election under the new election law.

### **Real Conditions Under Which Party Chiefs Are Elected**

In addition, it was finally set for the new law covering political fund restrictions and the law on subsidizing political parties to go into effect on 1 January next year

[1995]. Thus, political funds will come to change from flowing mainly to individual politicians to political parties.

As a matter of fact, this law on subsidizing political parties is very significant, although a majority of politicians professing to be "reformists" would not dare touch on it. Ichiro Ozawa was said to have used high-handed means to expedite the formation of a new-new party because he had an eye on the political party subsidy. Subsidies from the national treasury will be distributed among the political parties and the monies will be in the custody of the No. 2 man of the party—secretary generals in charge of party affairs.

Because the new election system aims at encouraging competition among political parties, the No. 2 man of the political parties—especially Shinshinto's secretary general post can wield enormous power with this money and has the authority to select election candidates. Ozawa coveted Shinshinto's No. 2 post of secretary general, not the post of president, because he was enchanted by this authority.

The name, Shinshinto, was chosen by dietmen who voted on names submitted by the public. This was an unprecedented act, in that political parties had never before solicited the public for a suitable party name. This public solicitation for a name, which did not take into account the party's philosophy, ideals, or policies, surprised the political world.

Whenever a new political party is organized, its prospective leader, who has a particular political philosophy, makes his ideals and philosophy public in an attempt to gather politicians sharing the same ideas. And the party name symbolizes that philosophy as a matter of course.

However, in the case of Shinshinto's inauguration by proponents headed by Ichiro Ozawa, it can hardly escape the blame that the participating politicians abandoned their work of individually pondering political ideals by publicly soliciting a name for their party.

The naming of the president, Shinshinto's representative, was in a confused state up until the last moment. As candidates for the prospective party president, the names of five personalities were been mentioned: Tsutomu Hata, president of the defunct Japan Renewal Party; Koshiro Ishida, president of the defunct Komeito [Clean Government Party]; Takashi Yonezawa, president of the defunct Democratic Socialist Party; Morihiro Hosokawa, president of the defunct Japan New Party; and Toshiki Kaifu, who had been nominated candidate for prospective prime minister of the old coalition parties during the "June political crisis," as leader of the renegades splitting from the LDP. In addition, Ichiro Ozawa must have had Tadao Ishikawa, former Keio University president, in mind as a promising candidate from the private sector.

As for the method of choosing the party's president, opinions were divided between choosing a seasoned



dietmen who proposed negotiations, and younger generation dietmen who insisted on voting.

Yuichi Ichikawa, former Komeito secretary general and famous for his collaboration with Ichiro Ozawa, explained the formalities adopted by Komeito and Soka Gakkai. He said, "The party agreement cannot define that 'the president will be chosen through negotiations,' so choosing by vote is all right. The president's naming of a secretary general is the LDP's way of management. Therefore, it is better to choose the president and secretary general through a dietmen vote. However, it is all right with me that the first president was chosen through 'negotiations' with a condition that the ensuing party convention will acknowledge it."

Three prospective presidential candidates, Kaifu, Hata and Yonezawa, showed strong intentions to run for president.

According to a source close to the defunct Democratic Socialist Party [DSP], "Yonezawa was convinced by the promise made by leading dietmen who had said: 'We will push you for president of the new-new party,' when he decided to join 'Kaikaku.'"

As rivals, Kaifu and Hata were dead set against each other.

Hata was said to be intensely irritated because of past discord with Ozawa. On 8 November, for example, Hata criticized Kaifu on the party president subject. He said: "There are no shining personalities. Despite much talk, there are no men of great importance among those who seceded from the LDP. There are not many differences among the presidential candidates. We should not indulge in minor matters and it is better for those who have some influence to do their part in forming the new political party. I have been watching since the House of Councillors' Aichi by-election, but for that matter, they have not been doing anything at all."

It was a rare sullen mood on the part of Hata, who had been reputed as always being amiable and "good-natured."

It is assumed that Hata was exasperated at the situation in which "Kaifu was being promoted to party president" with the LDP secessionists at the center of the movement.

Little discussion was conducted on the conditions the prospective party president must meet. However, Shinshinto had "hidden conditions." Self-contemptuously, sources close to the now defunct Japan Renewal Party confided: "The condition to become president was that the man should be obedient to whatever Ozawa says."

It sounds like a joke, but it surely was the basic condition for choosing the president. Hata is one of a few politicians who can talk to Ozawa on equal terms. The reason why Hata was disgruntled is well understood.

Like political commentators or horse race speculators, Kaifu and Hata supporters were discussing all sorts of things. Former DSP Secretary General Kansei Nakano said: "I think Kaifu is all right because he was once brought forward as our candidate for prime minister." Takeo Nishioka said: "It has already been decided. I do not think Kaifu will be recommended by anybody else."

Toshio Yamaguchi made his daring assumption public, saying: "It is a tripartite contest among Hata, Kaifu, and Yonezawa. Kaifu could become a short-lived president because he accepted the condition that Hata would be nominated for the prime minister post."

The remark is becoming to Yamaguchi, who is known for his dislike of Kaifu. Meanwhile, Yamaguchi pointed out the possibility of "Ozawa becoming party president." He said: "I think there is a possibility of Ozawa becoming party president. I have been saying all along that 'Ozawa will become party president.' If no decision is reached through negotiations and it was to be decided by vote, I am sure that Ozawa would collect the largest number of votes, that is, only after he decided to run for the post. In addition to Ozawa's ability to collect funds and deal with election measures, Shinshinto has to catch the people's attention to recapture the reins of power. For that purpose, Ozawa must be party president. Having Ozawa as secretary general will have no impact because such a plan has long been discussed. Although no one expects him to become party president, if he were, his talents would be fully used."

After all, everybody seems to have enjoyed making assumptions about the outcome of the party's presidential race.

But the realities could be summarized as crude and poor. Kozo Watanabe, former acting secretary general of the defunct Japan Renewal Party, unintentionally exposed the weakness incorporated by Shinshinto, when he said: "As it stands now, the issue may have to be either put off for a future decision, or a decision will have to be made at the last moment when the situation is seen as being favorable."

On the other hand, the secessionists from the LDP embraced doubt about Ozawa's tactics, and their opposition to the movement of the former Komeito was gradually rising. Representing such an opinion is Hiroshi Imazu of the now defunct Koshikai. Imazu was confiding Shinshinto's intra-party situation and his anti-Ozawa strategy to his intimate colleagues. He said: "Shinshinto's biggest weak point is that it cannot move an inch because its ideals have become inconsistent and mutilated due to Komeito's foolish movement. I have an idea that those who seceded from the LDP are coordinating with a Shinshinto free of Ozawa and forming a coalition with the LDP. I have been working with this idea and negotiating. After all, Ozawa's way of doing things is not good. People cannot follow him."

This revealed an attempted coup d'etat against Ozawa. Imazu's plot was detected by Ozawa and "put down"



beforehand. Many people view that the attempted coup prior to the formation of the new party symbolizes Shinshinto's future.

About the newly born Shinshinto, "It is absolutely impossible for the new party to go smoothly, because it is an assembly of nine groups and factions of different cultures," as stated by one who split from the LDP. It faces a situation in which it would not be strange for the party to split or its party members to leave the group.

#### What Is Just Cause?

On the other hand, the Murayama cabinet, a tripartite coalition of the LDP, SDPJ, and Sakigake [Harbinger], is in a difficult situation because the SDPJ is in the midst of internal strife.

The New Democratic League formed by Sadao Yamahana, former Social Democratic Party of Japan [SDPJ] vice president the man who became the symbol of its right wing faction, is demanding Murayama disband the SDPJ and form the "new socialist democratic and liberal party."

If New Democratic League, the SDPJ's largest dietmen group, leaves the party en masse and forms a new party, it will inevitably trigger the collapse of the Murayama coalition government.

The reason why Murayama, his associates, and the LDP, a coalition partner, are seriously concerned about the situation is derived from the fact that SDPJ Secretary General Wataru Kubo is actively working with Yamahana.

Kubo explained the need for a new "socialist democratic and liberal party," saying: "As it stands now, the SDPJ will be engulfed by the LDP. It is necessary to quickly create the third pole that unites socialist democrats and liberals by disbanding the SDPJ for a better cause."

Strong resistance is incessantly voiced within the party against Kubo's attitude. A man close to SDPJ headquarters said: "It is hard to figure out what Kubo and Yamahana have in mind."

The SDPJ is a ruling party that realistically made a switch in its basic policies, and its chairman has become prime minister. Bills and policies reflecting SDPJ policies are passed by the Diet without fail. In spite of this, Yamahana and Kubo say: "The SDPJ will be absorbed by the LDP." Their minds are difficult to comprehend. They are assumed to not have an understanding of the importance of the reins of power. An SDPJ dietman said: "Disbanding the SDPJ now and forming a new party is like killing a bird that lays 'golden eggs.'"

When the SDPJ acknowledged the Self Defense Forces, the Japan-U.S. security treaty, and the national flag of "Hinomaru" by switching its basic policies, the reasons behind the confrontation between the right and left wings vanished. The strongest opponents within the SDPJ against the security treaty and the Self Defense

Forces were originally Murayama-led left wing members. Later, the SDPJ's right and left wings were reclassified as those supporting the LDP-SDPJ coalition, and those supporting the old coalition. For that matter, the SDPJ has lost its *raison d'être*.

New Democratic League members are either called right wingers or middle of the roaders, but it is very ambiguous to think that they are going to collaborate with Shinshinto on the old coalition's side.

Both Yamahana and Kubo stress that: "A great prerequisite is to support the Murayama regime." Such an explanation really sounds strange. And the same Yamahana and Kubo, on the other hand, still insist that the SDPJ be disbanded and that a new socialist democratic and liberal party be inaugurated. But they are not rising up to topple the Murayama regime. In terms of concrete actions, Yamahana is definitely ambiguous. Yamahana is cautious about the timing of forming the proposed new party, "It should avoid the time when the Diet is in session because it may trigger political turmoil." He is against the hardliners who advocate taking action "before the formation of the new-new party or during the Diet session."

Churyo Morii, chairman of the SDPJ's Diet Administration Committee and a man who has been present at New Democratic League cadres meetings and the New Democratic League's central executive committee, explained the contents of such meetings, saying: "Nothing has been decided. Discussions are being held on such subjects as the timing of the formation of a new party, distribution of assets when the party divides, application of subsidies by public funds, and whether such functions as a party convention are going to be held."

Shoji Motooka, a leading New Democratic League member, is reported to have made up his mind to leave the SDPJ. He said: "I am thinking about the just cause of leaving the party," as if it were others' affair. It illustrates that a majority of New Democratic League members are not taking action based on definite political ideals or principles. It can be summed up that they have been touched by the dietman psychology of being "afraid of missing the bus." It bears a close resemblance to the Democrats during the June political crisis. After all, the Democrats did not take any action and became weak-kneed.

The New Democratic League's movement reflects "resistance" by those who are unaware of their affiliation with the ruling party, with their revived characteristics of resorting to resistance unique to a perennial opposition party. Yuichi Ichikawa, who had a bitter experience with the Democrats, evaluates the situation cool-heartedly by saying: "No secession took place despite repeated declarations. I cannot trust them unless demonstrated by deed." An LDP dietman said: "The SDPJ is really hard to understand. But it cannot be left untouched, because it may repeat the Hata regime's mistake."



Reshuffling the cabinet is the easiest way to restrain the New Democratic League's movement and to strengthen the solidarity of the Murayama cabinet. It is true that those close to Murayama and certain LDP members are looking forward to reshaping the cabinet. The cabinet barely rode through the extraordinary Diet session. During the ordinary Diet session, which deliberates on the fiscal 1995 budget, the opposition Shinshinto is expected to launch a desperate challenge against the coalition regime of the LDP, SDPJ, and Sakigake.

One of the LDP dietmen from the Keizo Obuchi faction pointed out: "It will be difficult to get the budget through by the combination of the good-natured chairman of the Diet Committee on Rules and Administration and the LDP chairman of the Diet Affairs Committee. Their abilities can best be utilized as ministers. Unless a seasoned veteran is appointed director-general of the General Affairs Bureau in Charge of Elections, winning an election is hardly likely."

Both the LDP and SDPJ are planning to reshuffle the cabinet in an attempt to skillfully bring the "resistance force" under the name New Democratic League within the SDPJ over to their side. An LDP dietman belonging to the New Century group said: "It is a chance for the LDP, if Murayama proposes a cabinet reshuffle."

The opposition Shinshinto has no policies in spite of professing to be "reformists." And political parties without policies have never lasted long. The political world is destined to repeat meeting, parting, and coming to alliances. Thus the prospect of dispelling political distrust has again become out of reach.

#### **SDPJ 'Rebels' Threaten Coalition With Election**

*OW3112131994 Tokyo KYODO in English 1217 GMT 31 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 31 KYODO—The nation may go to the polls for a general election in 1995 if Prime Minister Tomiichi Murayama's ruling coalition collapses with the breakaway of a rebel group from within his own Social Democratic Party (SDP), political sources said Saturday [31 December].

The New Democratic League (NDL) in December threatened to bolt from the SDP. Media reports, meanwhile, say the largest opposition party, Shinshinto (New Frontier Party), is hoping to attract the rebels into its fold to prepare for a motion of no-confidence against the prime minister.

If this becomes a reality, it could lead political parties for the first time since World War II to contest the House of Representatives under a new electoral system, which comprises 300 single-seat constituencies and 200 seats based on proportional representation.

The vote would provide the first opportunity for both Shinshinto and the surprise right-left coalition of the

Liberal Democratic Party (LDP), SDP and New Party Sakigake [Harbinger] to gain the verdict of the electorate, they said.

The results could produce a far-reaching fallout in the overall political scene and the ongoing realignment of various parties, they said.

As for the House of Councillors election slated to take place on July 23 at the earliest, the selection of candidates by both the coalition and opposition has been seriously delayed in view of a possible breakup or defection of the NDL to the opposition side, they said.

Shinshinto has put off announcing the first batch of candidates for single-seat electorates in the general election in order to woo SDP rebels to the fold by showing they are prepared to name them Shinshinto candidates, they said.

In late December, the LDP unilaterally selected a total of 109 single-seat candidates as the first batch of general election candidates, confirming that the party and its long-time rival SDP are facing difficulty in fielding joint candidates.

Meanwhile, Shinshinto's preoccupation with preparing for the general election delayed its selection of candidates for the upper house election, they said.

The party announced only three candidates for the upper house proportional representation constituencies in late December.

In the 1995 upper-house election, a total of 76 seats are up for grabs in multi-seat constituencies, while 50 seats are to be contested under a system of proportional representation.

Every three years, half of the chamber's 252 seats are offered up for fresh contest.

The SDP, which bolstered its strength in the chamber in a 1989 vote that opposed a value-added tax, may lose heavily as a result of the ruling coalition's decision to hike the tax rate to 5 percent, they said. The SDP has 68 seats at present.

It remains to be seen whether the LDP could regain the majority it lost in 1989. Then, the LDP was dealt a heavy blow with voters' anger over the introduction of the tax. The party has 95 seats at present.

For the upcoming upper chamber vote, the LDP has selected 35 multi-seat constituency candidates, the SDP, 23, and Shinshinto, 15, according to a KYODO NEWS SERVICE survey.

Among the candidates, a total of 130 plan to run in the multi-seat race.

Various political parties have selected some 40 candidates—far short of the 50 seats being offered under the proportional representation formula, according to the KYODO survey.



A Shinshinto executive said the party wants to field some 30 candidates under the proportional representation system alone to "create a situation under which we can topple the current coalition."

Shinshinto plans to avoid fielding candidates in constituencies where the trade union-backed Democratic Reform Party plans to field its candidates in a bid to avoid antagonizing the eight million-strong Japanese Trade Union Confederation (Rengo) whose support Shinshinto wants to secure, he said.

Rengo is in a dilemma as the SDP and Democratic Socialist Party (DSP)—Two parties Rengo-affiliated unions have long backed—are now confronting each other as key components in the coalition and opposition.

Shinshinto itself is faced with the need to create an amicable balance of power internally, as the now-disbanded Shinseito, Komeito and DSP are demanding former members be listed high as proportional representation candidates to be submitted to the election authorities in advance of the vote, they added.

In a related development, a new law takes force Jan. 1, putting in place a government subsidization program under which a pool of 30.9 billion yen will be shared out among parties to finance their political activities.

#### **SDPJ's Ito Manuevering for Post-Murayama Era**

*OW3112140494 Tokyo EKONOMISUTO in Japanese  
27 Dec 94 p 14*

[Article From "People and Events" Column: "Former Transport Minister Shigeru Ito Looks Ahead to the Post-Murayama Era"]

[Text] Former Transport Minister Shigeru Ito, who belongs to the Social Democratic Party of Japan (SDPJ), has become very active as he looks ahead to the post-Murayama era. With the object of avoiding a party split, he recently formed an intraparty policy-study group, with some 30 members of the SDPJ's middle-of-the-road faction, as tensions between the party's right and left wings intensified, following the creation of an intraparty bloc—called Shin Minshu Rengo [New Democratic League]—by some 60 right-wingers who aim to leave the party and set up a new party of their own.

Most members of the policy-study group, called the "Monday Study Group," also support Prime Minister Tomiichi Murayama. This is why some right-wingers say that the Monday Study Group is, in fact, a kind of detached force made up of pro-Murayama members. At the inaugural meeting of the Monday Study Group, Ito stressed that the group will carefully prepare a plan to create a new political force by supporting the Murayama administration. Many SDPJ members think that Ito is aligning himself with Murayama.

Ito also has a strong pipeline to the Prime Minister's official residence, since Masaru Hayakawa, former

chairman of the SDPJ's Policy Board and a central figure of the Monday Study Group, currently serves as special assistant to Prime Minister Murayama. Murayama's term as SDPJ chairman will expire next autumn. It is rumored that Murayama, who has no intention to seek a second term, has already alluded to the possibility of Ito becoming his successor. Some SDPJ members even shrewdly speculate that creation of the Monday Study Group is part of Ito's activities to prepare for becoming Murayama's successor.

Moreover, Ito is said to be on friendly terms with former Prime Minister Noboru Takeshita of the conservative Liberal Democratic Party (LDP), who backs the Murayama administration from offstage. Speculation is even rife that Takeshita has also recognized Ito as Murayama's successor. Ito, who is the SDPJ's best expert in policy-making, said, "We should make the SDPJ's policy declaration for 1995 a common goal for the entire liberal force." It seems that he is anxious to become a leader of a united liberal front that would also gather some members of the Democratic Socialist Party, as well as some liberal-minded members of the LDP, in the post-Murayama era.

#### **Most Firms Give Political Donations in 1994**

*OW0201064695 Tokyo ASAHI SHIMBUN in Japanese  
29 Dec 94 Morning Edition p 1*

[FBIS Translated Text] ASAHI SHIMBUN has conducted an opinion poll of 16 organizations and 58 companies which have formerly made large political donations, on their corporate political donations—criticized as potential hotbeds of corruption between political and business circles. According to poll results, only three organizations and two companies stopped giving donations this year, while most of the other respondents continued giving funds to political parties. Although the overwhelming majority have cut the donation amount, many firms have provided funds to the Liberal Democratic Party (LDP) and Shinshinto [New Frontier Party] at the same time. Thus, they "scattered donations" over three-fourths of the House of Representatives members.

In the wake of the establishment of Shinshinto, the survey was conducted from 12 to 27 December. Subjects of the poll are those organizations and companies which donated over 30 million yen (Y) in 1993, or those which made over Y50-million annual donations over the past five years. Fifty-three companies responded to this survey on the condition of anonymity, while 13 organizations answered the survey under their real names.

Nine bodies and 34 companies answered "they provided funds this year," or "they will do so," while a majority of the others said "they could not answer." However, most of those which refused to answer are banks and construction companies, which have already revealed their decision to make donations. It can be said that, despite the



severe criticism, the actual situation of corporate political donations has remained almost the same.

They made donations mainly to the LDP until 1993, but following the realignment of political parties, they have given funds to the LDP, Shinshinto, and Sakigake [Harbinger Party] instead. Among the nine organizations and 26 corporations which disclosed the names of parties to which they have given funds, three organizations and 10 firms provided funds to those three parties; one organization and four companies, to LDP and Shinshinto; five organizations and 11 companies, to LDP only; and one company provided funds to other than those three parties.

However, the donation amount has dropped. As for donations by organizations, seven bodies out of nine which made donations have cut the amount. For example, the Japan Petrochemical Industry Association has reduced the amount to about Y10 million, down from Y76.57 million donated in 1993. The Japan Chemical Fibers Association has cut donations to Y10 million from last year's Y60 million. As for companies' donations, 17 firms out of the 20 which revealed amount of their donations have cut the amount. They seem to be trying to lighten their financial burdens, considering their poor business performances or the public subsidies to be implemented next year.

Those who have stopped making donations are the Japan Iron and Steel Federation, the Japan Electrical Manufacturers' Association, the Kozai Club, one trading firm, and one electric appliances maker.

### North Korea

#### Papers Publish New Year 'Joint Editorial'

SK0101104995 Pyongyang KCNA in English 0815 GMT 1 Jan 95

["A Joint Editorial of NODONG SINMUN, CHOSON-INMINGUN and NODONG CHONGNYON on the New Year"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, and CHOSONINMINGUN [name of publication as received] (the daily of the Korean People's Army) and NODONG CHONGNYON today publish a joint editorial headlined "Let Us Dynamically Advance in the New Year Under the Leadership of the Great Party" on the New Year 1995.

1994 was the most painful year in which our party and people suffered the greatest loss, the editorial says, and continues:

Last year we parted forever with the great leader Comrade Kim Il-song, who had led our party and people and our Revolutionary Armed Forces to victories, always finding himself among the people in his life of over

eighty years. This was the greatest misfortune ever known in our national history spanning five thousand years and the greatest loss to our party and people, which cannot be made up with anything.

Though his heart stopped beating, the great leader is live and will always be alive in the hearts of our people and the world revolutionary people as the sun of chuche, the editorial stresses.

1994 as a historic year in which all the people and the officers and men of the People's Army rose up as one man, united in one mind around the great leader Comrade Kim Chong-il, and powerfully demonstrated the invincibility and superiority of our-style socialism, the editorial says, and points out:

The great leader Comrade Kim Chong-il is immediately the respected leader Comrade Kim Il-song and, so long as it is led by Comrade Kim Chong-il, the socialist cause of chuche, the human cause of independence, is always invincible. This has the unshakable faith and will that our people and the officers and men of the People's Army cherished deeper in their hearts last year.

Our people with this rockfirm faith changed the deep sorrow into a thousand-old strength and courage and thus achieved a great success in all fields of socialist construction.

The editorial elaborates on the tasks of our people for this year in accomplishing the cause of socialism, on the question of national reunification and the foreign policy.

The editorial quotes the dear leader Comrade Kim Chong-il as saying:

"It is the unanimous feelings and invariable revolutionary will of our party and people to carry forward the cause of the great leader pure and clean and bring it to accomplishment, upholding him with loyalty."

Pointing out that this year is a significant year in which fall the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country, the editorial says:

This year, we should bring about a new upsurge in all domains of the revolution and construction, more closely united around dear Comrade Kim Chong-il, and thus demonstrate to the whole world the strong spirit of our party and people who are striving to glorify through generations the immortal revolutionary exploits of the great leader comrade Kim Il-song, the founder of our party and the benefactor to whom our nation owes its liberation, and accomplish the cause of socialism under the banner of the chuche idea.

All the party members, working people and officers and men of the People's Army, deeply cherishing in their hearts their great pride and happiness in being blessed with sagacious leaders through generations, should display intense loyalty and filial piety, which they had failed



to fully devote to the fatherly leader, in upholding respected Supreme Commander Comrade Kim Chong-il.

We should firmly ensure the leadership of the party Central Committee with Comrade Kim Chong-il in its center in the whole party, the whole country and the whole Army and further tighten in all units of the revolution and construction the revolutionary discipline and order of moving as one in accordance with the idea of dear Comrade Kim Chong-il and under his leadership.

Pointing out that it is the behests of the great leader that the cause of national reunification must be accomplished within this century without fail, the editorial says:

We must invigorate the grand march of the whole nation nor reunification, upholding the intention of the great leader Comrade Kim Il-song, so as to put an end to the history of national division and reunify the country in the 1900s at any cost.

However the situation at home and abroad may change, our country must be reunified on the three principles—**independence, peaceful reunification and great national unity**—laid down by the great leader.

In order to avert the danger of war and preserve a genuine peace and security on the Korean peninsula, we must replace the Armistice Agreement with a peace agreement between the DPRK and the United States, establish a new peace mechanism and remove the acute military confrontation between the North and the South, the editorial says, and continues:

The most fair, reasonable and realistic way of reunifying the country on the principles of independence, peaceful reunification and great national unity is the confederation formula based on one nation, one state, two systems and two governments.

The DPRK-U.S. framework agreement is a milestone in the resolution of the nuclear issue on the Korean peninsula and the development of DPRK-U.S. relations and a weighty document guaranteed by the heads of state of the two countries. Today we are making sincere efforts to implement this agreement.

When the United States renounces its hostile policy toward the DPRK and honestly implements the agreement, the abnormal hostile relations between the DPRK and the United States will be removed and confidence will be built and this will lead to the fundamental settlement of the nuclear issue on the Korean peninsula and the denuclearization of this region.

The editorial stresses:

In the new year, too, our party and the DPRK Government will develop friendly and cooperative relations with the peoples of different countries of the world including socialist and nonaligned countries on the principle of independence and actively work to destroy the old international order of domination and subjugation,

establish a new one based on equality, justice and equity and develop South-South cooperation on the principle of collective self-reliance.

### **'Full' Text of Editorial**

*OW0101151095 Pyongyang KCNA in English 1220  
GMT 1 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, and CHOSONINMINGUN, (the daily of the Korean People's Army), and NODONG CHONGNYON on January 1 published a joint editorial headlined "Let Us Dynamically Advance in the New Year Under the Leadership of the Great Party" on the new year 1995.

The editorial reads in full:

Today our people and the officers and men of the People's Army are ringing out the year 1994 which left indelible marks and ringing in the new year 1995 which will set up a new milestone in the struggle to accomplish the revolutionary cause of *chuche*.

It is the traditional temperament of our people to renew their determination and rise up with redoubled vigor on the new year's day. Our people embarked upon the road of a fruitful struggle and creation, receiving the new year address of the Great Leader Comrade Kim Il-song with the feeling of highest honor and joy every year. Looking back on the past years with deep emotion, our entire people and the officers and men of the People's Army are overwhelmed with utmost reverence for the fatherly leader and are making a firm pledge to carry the revolutionary cause of *chuche* to accomplishment under the guidance of the Dear Leader Comrade Kim Chong-il.

1994 was the most painful year in which our party and people suffered the greatest loss. Last year we parted forever with the Great Leader Comrade Kim Il-song, who had led our party and people and our revolutionary armed forces to victories, always finding himself among the people in his life of over eighty years. This was the greatest misfortune ever known in our national history spanning five thousand years and the greatest loss to our party and people, which cannot be made up with anything.

The Great Leader Comrade Kim Il-song was the first great sun of *chuche* whom our people greeted and held in high esteem, a greatest revolutionary and peerless great man and tender-hearted father of the people, who performed undying feats for the time and revolution, the country and nation.

The most correct guiding idea that eternally guarantees the triumphant advance of the cause of independence of our times, the cause of socialism, and the *chuche*-type great party and power, the invincible revolutionary armed forces and the most superior anthropocentric



socialist system, and all other precious gains that shine brightly in this land are fruits of the lifelong devoted services of the great leader.

It was thanks to the great leader that the destinies of our country and nation were saved and the dignity and honor of chuche Korea demonstrated throughout the world, and a new era was greeted, in which the progressive humankind is confidently advancing along the track of independence.

With the sudden death of the fatherly leader, our party, state and revolutionary armed forces lost their great founder and leader and progressive humankind lost an outstanding leader who brightly lit the road ahead of the era. Though his heart stopped beating, the great leader is alive and will always be alive in the hearts of our people and the world revolutionary people as the sun of chuche.

1994 was a historic year in which all the people and the officers and men of the People's Army rose up as one man, united in one mind around the Great Leader Comrade Kim Chong-il, and powerfully demonstrated the invincibility and superiority of our-style socialism.

The circumstances of our revolution were still complex and tense last year. The imperialists and the reactionaries intensified as never before their attempts to isolate and stifle our republic that was firmly defending the banner of socialism and the world's attention was focused on Korea which was a theatre of an acute political and military confrontation with the imperialists. With the Great Leader Comrade Kim Chong-il standing at the head of the party and the revolution, our people and the officers and men of the People's Army waged a staunch struggle, full of the conviction of certain victory and optimism, turning the misfortune into a bliss, the adversity into a favourable condition, and emerging glorious victors in all realms of the revolution and construction.

The Great Leader Comrade Kim Chong-il is immediately the Respected Leader Comrade Kim Il-song and, as long as it is led by Comrade Kim Chong-il, the socialist cause of chuche, the human cause of independence, is always invincible. This was the unshakable faith and will that our people and the officers and men of the People's Army cherished deeper in their hearts last year.

Our people with this rockfirm faith rose up determinedly, changing the deep sorrow into a thousand-fold strength and and courage, and brought revolutionary changes in all fields of socialist construction. Our heroic working class made devoted efforts, true to the behests of the Great Leader Comrade Kim Il-song, and laid solid foundations for the successful fulfilment of the tasks of the adjustment period in all domains of the national economy including the leading sectors.

Our agricultural working people, engraving in their hearts what the fatherly leader intended in his lifetime, made strenuous efforts and achieved a great success in

agricultural production, despite an unfavorable weather, last year in which fell the 30th anniversary of the publication of the rural theses. Our intellectuals also made an active contribution to the acceleration of economic construction and consolidation of the position of socialism by putting all their wisdom and energy into their work with intense loyalty to the party and the leader and firm faith in socialism.

Last year, our People's Army, tightly holding the rifles of revolution, firmly defended our-style socialism with arms, frustrating the enemy's moves to provoke a war of aggression at every step.

We are highly proud of the fact that, even under the difficult conditions in which socialism suffered setbacks in various countries of the world and all the reactionary forces were directing the sharp edge of the spearhead of their attack to us. We have firmly defended the sovereignty of the nation and the banner of socialism and vigorously stepped up the socialist construction in singlehearted unity around the great leader.

Last year is characterized as a proud year when the communistic traits were fully displayed among our people and People's Army soldiers.

The working people of various social strata and the People's Army soldiers made loyal oaths always to share the destiny with the party. And noble communistic traits touching the heart of everyone were reported from all places where there were the people and the army. The army and the people live as a harmonious whole, holding the great leader in high esteem as the father of the big revolutionary family and supreme commander. Herein lie the invincibility of our-style socialism, the hopeful future of the country and the great pride of our people and army.

All the proud victories and achievements made in our revolution and construction last year are a precious fruition of the wise guidance of the party and the leader.

The respected leader comrade Kim Il-song had devoted enormous efforts and mental energy to the prosperity of our country, the happiness of the people and the strengthening and development of the People's Army to the last moments of his great life.

Even in the bitterest sorrow, the Great Leader Comrade Kim Chong-il has led the whole party, the entire army and all the people to carry forward to accomplishment the revolutionary cause of chuche to which the fatherly leader had devoted his whole life, surmounting the inexpressible pains of loss with a strong will.

Deeply considerate of the ardent reverence for and loyalty to the fatherly leader filling the hearts of the entire people and People's Army officers and men, Dear Comrade Kim Chong-il set forth the slogans of faith "The Great Leader Comrade Kim Il-song Will Always Be With Us" and "Let Us Arm Ourselves More Firmly



With the Revolutionary Idea of the Great Leader Comrade Kim Il-song!" and published the famous work "Socialism is a Science" comprehensively consummating and perfecting the socialist ideology, thus unfurling the banner of the revolution, the banner of victory, to our people and progressive humankind of the world.

Immeasurable are the mental energy and efforts directed by respected comrade supreme commander to further strengthening our party and revolutionary armed forces and bringing the advantages of our-style socialism into full play. He guided the officials, the leading members of the revolution, to work as faithful servants of the people, set the stages for many meetings including a national meeting of party cell secretaries and brought the traits of army- people unity into full play.

Last year was, indeed, a historic year in which our people and People's Army officers and men more deeply felt in their hearts the greatness of the dear leader, the most distinguished thinker and theoretician, who is possessed of experienced and tested leadership ability, and acquired the unshakable faith that there is nothing impossible and fearful because they are guided by comrade supreme commander.

Very heavy yet noble tasks are facing our party and people who have turned out in a new historical march, with the Great Leader Comrade Kim Chong-il at the head of our revolution.

Comrade Kim Chong-il has said: "It is the unanimous feelings and invariable revolutionary will of our party and people to carry forward the cause of the great leader pure and clean and bring it to accomplishment, upholding him with loyalty."

Now we live at a very important moment in the course of carrying forward the revolutionary cause of chuche to accomplishment. It is the most honorable revolutionary task of our party and people to effect a decisive turn in the struggle to achieve the complete victory of socialism and highly exalt our-style socialism centred on the popular masses in hearty response to the behests of the fatherly leader.

All the people and the officers and men of the People's Army should advance more dynamically toward a new victory under the guidance of the party, bearing deep in their hearts the heavy responsibility assigned to them by the times and history.

This year is a significant year in which fall the 50th anniversaries of the foundation of the Workers' Party of Korea and the liberation of the country. This year, we should bring about a new upsurge in all domains of the revolution and construction, more closely united around dear comrade Kim Chong-il, and thus demonstrate to the whole world the strong spirit of our party and people who are striving to glorify through generations the immortal revolutionary exploits of the Great Leader

Comrade Kim Il-song, the founder of our party and the benefactor to whom our nation owes its liberation, and accomplish the cause of socialism under the banner of the chuche idea.

This year, our people should effect a great revolutionary upsurge in all fields of socialist construction under the slogan "Let Us Greet the 50th Anniversary of the Foundation of the Workers' Party of Korea With High Political Zeal and Brilliant Achievements in Labour!"

We should further augment the might of the rock-firm singlehearted unity of our revolutionary ranks around respected supreme commander Comrade Kim Chong-il, the great leader of our party and people.

Singlehearted unity is the revolutionary philosophy of our party and the ever-victorious banner of our revolution.

All the party members, working people and officers and men of the People's Army, deeply cherishing in their hearts their gratitude and happiness in being blessed with sagacious leaders through generations, should display intense loyalty and filial piety, which they had failed to fully devote to the fatherly leader, in upholding respected supreme commander Comrade Kim Chong-il.

We should firmly ensure the leadership of the party Central Committee with Comrade Kim Chong-il in its center in the whole party, the whole country and the whole army and further tighten in all units of the revolution and construction the revolutionary discipline and order of moving as one in accordance with the idea of Dear Comrade Kim Chong-il and under his leadership.

When all the party members, working people and officers and men of the People's Army uphold the idea and leadership of the party with absolute loyalty to respected comrade supreme commander, the might of our country will increase incomparably and a great advance be made in the fulfilment of the cause of socialism.

This year, we should continue to bend energetic efforts for the implementation of the revolutionary economic strategy, remaining true to the decision of the first plenary meeting of the 6th Central Committee of the party.

To radically improve the people's living standard by thoroughly implementing the revolutionary economic strategy is the unshakable determination of our party and the most important task which our people must not fail to fulfil in socialist economic construction this year.

We must continue to direct primary efforts to the development of agriculture, the light industry and foreign trade.

Those working in the agricultural domain must hit without fail the goal of grain production set by the party



by giving full play to the advantages of all-people property together with cooperative property and thoroughly applying the chuche farming method in hearty response to the party's design of socialist rural construction.

Those working in the light industrial domain must radically increase the output of various kinds of fibre products, daily necessities and processed foodstuffs by intensifying the revolution in light industry. By so doing, they must ensure that more benefits granted by the party and the state reach the people this year in which falls the 50th anniversary of the party foundation.

If the party's policy of improving the living standard of the people is to be thoroughly implemented this year, a revolutionary upsurge must be effected in the leading sectors of the national economy.

The leading industrial sectors such as the power industry, the coal industry and railway transport and the metal industry must resolve the problems of fuel, power and transport more satisfactorily through a bold renovation of technologies and full mobilization of all the production potentials and possibilities, so that an upswing may be effected in all sectors of the national economy including agriculture and light industry.

Enhancement of the role of the county is of great importance in improving the people's standard of living through the implementation of the party's revolutionary economic strategy.

In our country, the county is an integral unit and regional base of the development of the local economy. The Dear Leader comrade Kim Chong-il, with a scientific penetration into the specific conditions of socialist construction in the country and the constantly growing demands of the people in their living has advanced highly important tasks to bring about a turn in the people's standard of living through the enhancement of the role of the county.

Every county must make vigorous efforts to improve the standard of living of its people by its own efforts. It must give full play to the revolutionary spirit of self-reliance, following the examples of the Chonchon County commercial management office and Maengsan County so as to bring about a new turn in developing the local industry and building the county seat and rural villages neat and clean.

The revolutionary spirit of self-reliance and hard work is our mode of revolution, an indomitable fighting spirit instilled by the Great Leader Comrade Kim Il-song into the minds of our people. Self-reliance is the only way of defending the sovereignty and dignity of the nation to the end and building a more prosperous country in this land in face of the intensified moves of the imperialists and reactionaries of all hues to stifle our socialism.

This year, all the officials, party members and other working people must unreservedly display the heroic fighting spirit, as they have courageously surmounted the

obstacles and difficulties and brought about epoch-making changes in the revolutionary spirit of self-reliance and hard work. We must fulfil our revolutionary assignments with our own efforts under any circumstances under the loyal slogan "When the Party is Determined, We Can Do Anything."

Whether the vast tasks facing us this year are successfully fulfilled or not largely depends on the role of the party organisations and officials.

The party organisations at all levels must powerfully mobilize the party members and other working people through a vigorous political work in the fruitful efforts to significantly greet the 50th anniversary of the foundation of the party. The party organisations must deepen the ideological education to firmly arm the party members and other working people with the chuche idea, the revolutionary idea of our party, and consolidate in every way the singlehearted unity of our revolutionary ranks whereby the leader, the party and the masses are inter-linked by blood ties.

Guiding officials are the commanding members of the revolution and the core of our party. All the officials must play the role of effective hands and standard-bearer in implementing our party's benevolent politics under the slogan "We Serve the People" put up by our party. The economic guiding officials must organise the economy and direct the production in a revolutionary way, full of confidence in victory and revolutionary optimism, and call the masses to heroic feats through their practical examples. All the officials must be true loyal subjects and genuine people's servants who delight the party and enjoy respect from the people like the models of the Chong Chun-sil movement.

To strengthen the People's Army and consolidate the defence capabilities of the country is an important work into which we must put efforts this year, too, as in the past. As long as there remains imperialism and the enemy's moves to stifle our socialism continue, we must hold the weapons of the revolution more tightly. [sentence as received]

The entire officers and men of the People's Army must strictly implement our party's main military line and strengthen in every way the political and military might of our revolutionary armed forces, closely united around respected supreme commander Comrade Kim Chong-il.

They must constantly strengthen combat and political training in a strained and mobilized posture and defend our territory, our airspace and our waters like an impregnable fortress. We must firmly establish the habit of attaching importance to military affairs throughout society and consolidate the all-people, all-state defence system. We must bring into fuller play the excellent tradition of army-people unity, so that the people assist the army materially and morally and love the soldiery as they would their own children, and the officers and men



of the People's Army respect the people and devote their lies to defending the people's life and property.

The great unity of the whole nation is essential for the independent and peaceful reunification of the country.

The revolutionary tasks facing us today are difficult and vast, but our victory is certain.

Our revolution is led by respected comrade supreme commander and extraordinary thinker and theoretician, statesman and ever-victorious iron-willed brilliant commander. We have a solid foundation laid by the Great Leader Comrade Kim Il-song throughout his life. A foundation which will never be shaken, and millions of party members, working people and the heroic People's Army closely rallied around respected comrade supreme commander. Enormous are the potentials and might of the independent economy our people have built by tightening their belts and working hard.

We have nothing to be afraid of since we are possessed of invincible strength to accomplish the socialist cause of chuche through any storm and stress.

Let the whole party, the entire people and the whole army turn out as one, full of new confidence and optimism and redoubled courage, to decorate this year in which fall the 50th anniversary of the party foundation and the 50th anniversary of national liberation as the most significant year in the history of our country.

To terminate the division of the nation and reunify the country is the supreme task of the nation which brooks no further delay.

The division of the nation which began in the 1940s still continues now in the middle of the 1990s. This is a historical tragedy which is intolerable either in view of national independence or in view of world peace and security. Our Korean nationals, be they in the north, south or overseas, are filled with the unbreakable will and determination to reunify the country at any cost in the 1990s.

Last year, too, our party and the DPRK Government did all they could to achieve national reunification, the unanimous desire of the entire fellow countrymen.

The fatherly leader, who had put his heart and soul into the reunification of the country since he liberated our nation from the yoke of colonial slavery by victoriously leading the arduous great anti-Japanese war, took an epoch-making measure last year to open a new dramatic phase for reunification. He directed his energy till his great heart stopped beating to national reunification and worked hard to turn the situation of the country to a phase of dialogue and negotiation from confrontation. His noble patriotism and energetic guidance gave great joy and hope to all Koreans in the north, the south and overseas who were earnestly aspiring after reunification and made the whole country and the entire fellow

countrymen seethe with warm enthusiasm for reunification. But the joy and enthusiasm of the fellow countrymen could not last long due to the anti-national, anti-reunification acts of the South Korean authorities.

Far from observing the proprieties of expressing condolences on the unexpected misfortune of fellow countrymen as the reunification dialogue partner and members of the nation, the South Korean rulers levelled guns at the aching hearts of the nation and resorted to fascist suppression and betrayal, turning the North-South relations that had been heading for reconciliation and unity back to antagonism and confrontation. If there had not been the vicious obstructions on the part of the South Korean rulers last year, a new radical turn would have been effected on the road to national reunification which was opened by the great leader, with the nationwide reunification movement of the South Korean people combined with the efforts of the people in the north and Koreans overseas for reunification.

We are greeting the new year, full of new confidence and optimism about the independent and peaceful reunification of the country.

The new year 1995 marks the lapse of 50 years since the country was divided by outside forces. It is the behests of the great leader that the cause of national reunification must be accomplished within this century without fail.

We must invigorate the grand march of the whole nation for reunification, upholding the intentions of the Great Leader Comrade Kim Il-song, so as to put an end to the history of national division and reunify the country in the 1990s at any cost.

The line and policy of our party and the DPRK Government for national reunification are consistent and invariable.

The three principles— independence, peaceful reunification and great national unity—laid down by the Great Leader Comrade Kim Il-song in his lifetime are the solid foundation stone and valuable asset for national reunification. They are the starting point and basis in the struggle of our people for national reunification. They are the starting point and basis in the struggle of our people for national reunification. However, the situation at home and abroad may change, our country must be reunified on these three principles.

We must strictly maintain the independent stand of solving every problem in the reunification movement by rejecting foreign domination and interference and relying on the internal forces of the nation, and make it the principle to solve the reunification question in conformity with demands and interests of the nation, putting main emphasis on them.

In order to avert the danger of war and preserve a genuine peace and security on the Korean peninsula, we



must replace the armistice agreement with a peace agreement between the DPRK and the United States, establish a new peace mechanism and remove the acute military confrontation between the north and the south. At the same time, we must decisively check and frustrate the military exercises under various code names, military provocations and arms buildup carried on by the South Korean authorities in collusion with outside forces.

"10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by the Great Leader Comrade Kim Il-song is a great charter of national unity to accomplish the noble cause of national reunification at an early date with the concerted efforts of the nation. All the Koreans in the north, the south and overseas must unite closely as one nation under this programme, try ending the differences in party affiliation, grouping, political view and religious belief, and make tangible contributions to national reunification in conformity with their specific circumstances and conditions as members of the Korean nation.

If the great unity of the whole nation is to be achieved, a pan-national movement must be waged vigorously to remove the obstacles to national unity and reunification.

It is nearly two years since the Kim Yong-sam "government" made its appearance under the "civilian" veil. All the developments in South Korea in the period show that it is a "civilian government" only in name and, in fact, a flunkeyist and treacherous regime, fascist dictatorial regime and division-seeking regime which is more humiliating than the preceding military dictatorial "governments." It is natural that the South Korean students and people of all walks of life today are vigorously fighting to destroy all the legal and institutional devices barring national reconciliation and unity such as the "National Security Law," and establish an independent democratic government advocating independence, democracy and reunification, opposing the present fascist treacherous "government."

The most fair, reasonable and realistic way of reunifying the country on the principles of independence, peaceful reunification and great national unity is the confederation formula based on one nation, one state, two systems and two governments. All the Koreans in the north, south and overseas must firmly unite on the principle of promoting co-existence, co-prosperity and common interests and subordinating everything to the cause of national reunification on the basis of patriotism and the spirit of national independence and turn out as one in the struggle to build a pan-national unified state, a confederal state which is independent, peaceful and neutral, and thus achieve reunification in the 1990s.

Although a rugged path still lies ahead of reunification due to the manoeuvres of the domestic and foreign separatists, the cause of reunification is sure to be accomplished.

We have the absolutely just and reasonable principle, programme and way of national reunification indicated by the Great Leader Comrade Kim Il-song and a solid foundation for realising it. Standing at the head of our nation today is respected comrade Kim Chong-il, who enjoys deep respect and confidence from the entire fellow countrymen as the outstanding leader of the nation and the lodestar of national reunification.

Our people, who are advancing under the leadership of respected supreme commander Comrade Kim Chong-il, true to the behests of the Great Leader Comrade Kim Il-song on reunification, will certainly reunify the country in the 1990s, surmounting all the difficulties and obstacles lying in the way of reunification, and fully realize the great leader's lifelong desire in the motherland of 3,000 ri.

1994 was a historic year when the external prestige of our republic rose immensely and international solidarity for our revolution was strengthened as never before.

Despite the great pains and grief at the unexpected death of the father of the nation, our party and the DPRK Government brought to a conclusion the DPRK-U.S. talks which had lasted nearly one year and a half, upholding the intentions of the fatherly leader, leading to the adoption and publication of a historic framework agreement with the United States. This great success was a brilliant fruition of the firm independent stand, the consistent peaceful nuclear activities and the peaceful reunification policy of our party and the DPRK Government. It was an epoch-making event of great importance in promoting peace and peaceful reunification on the Korean peninsula and preserving peace and security in Asia and the rest of the world.

The DPRK-U.S. framework agreement is a milestone in the resolution of the nuclear issue on the Korean peninsula and the development of DPRK-U.S. relations and a weighty document guaranteed by the heads of state of the two countries. Today we are making sincere efforts to implement this agreement, and the world recognizes this. When the United States renounces its hostile policy toward the DPRK and honestly implements the agreement, the abnormal hostile relations between the DPRK and the United States will be removed and confidence will be built and this will lead to the fundamental settlement of the nuclear issue on the Korean peninsula and the denuclearization of this region.

Independence, peace and friendship indicated by the Great Leader Comrade Kim Il-song in his lifetime are the idea of the foreign policy and the principle of external activities consistently maintained by our party and the DPRK Government.

We will strengthen friendship and unity with the world people, guided by the idea of independence, peace and friendship, and thus actively contribute to the common cause of humankind for making the international community independent and democratic and building a new world, free, peaceful and friendly, without domination and subjugation.



In the new year, too, our party and the DPRK Government will develop friendly and cooperative relations with the peoples of different countries of the world including socialist and nonaligned countries on the principle of independence and actively work to destroy the old international order of domination and subjugation, establish a new one based on equality, justice and equity and develop south-south [as received] cooperation on the principle of collective self-reliance. We will also unite with all the peaceloving peoples of the world and do all we can to check [words indistinct] imperialist moves of aggression, interference and disturbance, realise the desire of humankind to live in a world free from nuclear weapons through disarmament, especially nuclear disarmament, and safeguard peace and security in Asia and the world.

This year is a significant year of historic importance in the history of the revolutionary struggle of our party and people to carry forward to completion with flying colours the revolutionary cause of *chuche* started by the Great Leader Comrade Kim Il-song. The greatness of the idea and leadership of respected supreme commander Comrade Kim Chong-il will be demonstrated more powerfully in all spheres of the revolution and construction, and our revolution will greet a new great heyday.

The revolutionary cause of *chuche* is ever-victorious as long as the *chuche* idea, the revolutionary idea of the Great Leader Comrade Kim Il-song who is always with us, clearly indicates our path and respected supreme commander comrade Kim Chong-il stands at the head of our party and revolution.

Let us all vigorously fight to achieve a new victory in socialist construction and promote the independent and peaceful reunification of the country, closely rallied around the party Central Committee headed by respected Comrade Kim Chong-il, the great leader of our party and people and supreme commander of our revolutionary armed forces.

#### **More on Military, Party, Youth Item**

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["Joint editorial (kongdong sasol)" of the organ of the party, the organ of the military, and the organ of youth on the occasion of the New Year 1995: "Let Us Vigorously Accelerate the New Year's March by Upholding the Leadership of the Great Party"]

[FBIS Translated Text] Today, our people as well as the officers and men of the People's Army are greeting the New Year 1995, which will brilliantly mark a new milestone in the struggle to accomplish the *chuche* revolutionary cause, bidding farewell to 1994 which left traces that will never be deleted.

It is our people's traditional temperament to consolidate a new determination on the occasion of the new year and to rise with a firmer resolution.

By accepting the great leader Comrade Kim Il-song's New Year's address with boundless honor and joy, each year our people embarked on the march of worthwhile struggle and creation.

Recalling by-gone days with deep emotion, all our people as well as officers and men of the People's Army are filled with feelings of endless adoration for the fatherly leader, and are consolidating the rock-firm pledge to carry to the end the *chuche* revolutionary cause by following the leadership of the dear leader [chidoja] Comrade Kim Chong-il.

Last year was a most grievous year when our party and people suffered its greatest loss. Last year, we parted forever with the great leader Comrade Kim Il-song who led our party, people, and revolutionary armed forces to victory for more than 80 years by always mingling with the people.

This was the greatest misfortune unprecedented in the 5,000-year history of our nation, and was the greatest loss of our party and people which cannot be recovered with anything.

The great leader Comrade Kim Il-song was the great sun of *chuche* whom our people greeted for the first time and held in high esteem, and was the greatest revolutionary who made immortal achievements which will shine forever before time, the revolution, the fatherland, and the people. He was an uncommonly great man and benevolent father of the people.

The most precise guiding ideas that will permanently insure the victorious march of the socialist cause—the cause of independence in our era, the *chuche*-oriented great party and government, the indomitable revolutionary armed forces, the most superior popular mass-centered socialist system, and all other precious gains illuminating this land—were all provided by the great leader who devoted his entire life.

Because there was the great leader [suryong], the destinies of our fatherland and people were rescued; the dignity and honor of *chuche* Korea were displayed to the entire world, and the progressive people greeted the new era to confidently advance along the path of independence.

The fatherly leader passed away unexpectedly. As a result, our party, state, and revolutionary Armed Forces lost their great founder and leader [yongdoja], and progressive mankind lost the outstanding leader [suryong] who brilliantly elucidated the path of the era. Even though the heart of the leader [suryongnim] stopped beating, the great leader is alive and will eternally be the sun of *chuche* in the hearts of our people and the revolutionary people of the world.

Last year was a historic year when all people as well as officers and men of the Korean People's Army [KPA] single-heartedly united around the great leader [yongdoja] Comrade Kim Chong-il and joined in vigorously



displaying the invincibility and superiority of our own style of socialism. The environment of our revolution last year was still complicated and tense. The imperialists and reactionaries further strengthened their maneuvers to isolate and crush [korip apsal] our republic, which strongly defended the socialist banner; the world focused its attention on Korea, where political and military confrontation with the imperialists took place.

Because the great leader [yongdoja] Comrade Kim Chong-il stood at the vanguard of the party and the revolution, our people as well as officers and men of the People's Army, filled with a belief in a sure victory and optimism, resolutely waged struggles, thus turning misfortunes into blessings and adversity into advantage, and displayed the honor of victors in all fields of revolution and construction.

The great leader [yongdoja] Comrade Kim Chong-il is immediately the respected and beloved leader [kyongae-hanun suryongnim]. As long as there is Comrade Kim Chong-il, the chuche-oriented socialist cause, mankind's cause of independence, will always be invincible. This is an indomitable belief and firm will that our people as well as officers and men of the People's Army cherish more deeply in their hearts last year.

Our people, cherishing this rock-solid belief, turned their great sorrow into strength and courage a thousand and a hundred-fold; resolutely stood up; and achieved revolutionary upsurges in all fields of socialist construction.

Our heroic working class, upholding the great leader's behest, waged a devoted struggle and built a strong basis in leading sectors and in all other sectors of the people's economy to successfully carry out the tasks for the period of adjustment.

Our agricultural workers, cherishing the fatherly leader's will deep in their hearts, waged a persistent struggle, thus achieving great success in agricultural production last year—which marked the 30th anniversary of the publication of the rural theses—despite unfavorable natural and weather conditions.

Our intellectuals, cherishing the burning loyalty to the party and the leader [suryong] as well as a firm belief in socialism, waged struggles with all their wisdom and strength, thus positively contributing to accelerating economic construction and consolidating the socialist fortress.

Last year our People's Army, staunchly shouldering revolutionary guns, crushed every maneuver of the enemy to provoke a war of aggression, and strongly defended our own style of socialism with arms [mujan-guro].

We are very proud that we single-heartedly united around the great leader [yongdoja], strongly defended national independence and the banner of socialism, and vigorously accelerated socialist construction, despite the difficult environment in which socialism collapsed in

various countries and in which all reactionary forces concentrated their attacks on us.

Last year is characterized as a proud year when a beautiful communist trait fully blossomed among our people and soldiers of the People's Army. Workers from various strata of our society and soldiers of the People's Army made a pledge of loyalty to eternally share the same destiny with the party; touching, noble, and beautiful traits were highly displayed everywhere there are people and the military.

We are living in perfect harmony between the army and the people, upholding the great leader [yongdoja] as the father [oboi] of the grand revolutionary household and as the supreme commander. Herein lies the invincibility of our own style of socialism, the hopeful future of the fatherland, and the great pride of our people and army.

All proud victories and successes achieved last year in our revolution and construction are the precious fruits brought about by the wise leadership of the party and the leader [suryong].

Until the last moment of his great life, the respected and beloved leader Comrade Kim Il-song had devoted great pain and energy to the prosperity of our fatherland, to the happiness of the people, and to the strengthening and development of the People's Army.

Even when he was suffering great, unbearable sorrow, the great leader [yongdoja] Comrade Kim Chong-il overcame the inexpressible pain of loss with his tenacious will, and extended his hands in leading the entire party, the entire army, and people to inheriting and accomplishing the revolutionary cause of chuche which the fatherly leader had devoted all his life to.

The dear Comrade Kim Chong-il has put forth faith-filled slogans reading "The great leader Comrade Kim Il-song is forever with us!" and "Let us more thoroughly arm ourselves with the revolutionary idea of the great leader Comrade Kim Il-song!" while taking deep into consideration the warm sense of admiration and loyalty toward the fatherly leader that is overflowing in the hearts of all people as well as officers and men of the People's Army. He has unfolded a banner of revolution, a banner of victory, along the future road of our people and the world's progressive people by releasing his immortal classical work "Socialism Is a Science" in which he makes a wholesale synthesis and compilation of the socialist ideology.

He has led functionaries, the leading officials of the revolution, so they can become the genuine servants of the people; he has made relevant arrangements so that numerous meetings, including a meeting of the party cell secretaries of the entire party, can be convened; and he has helped bring the good traits of army-people unity into full bloom. In this regard, we can never fully reiterate the devotions and pains which the respected and beloved comrade supreme commander has rendered



to further strengthen our party and the revolutionary armed forces and to highly display the superiority of our own style of socialism.

Last year was a historic year when our people as well as the officers and men of the People's Army more fully experienced the greatness of the dear comrade leader, the most outstanding thinker and theorist who has seasoned and tested leadership ability, while keeping deep in their hearts the faith that there is nothing they fear or cannot do as long as there exists the comrade supreme commander.

A very heavy and sacred task is laid today before our party and people, which have risen in a new historic advance while upholding the great leader [yongdoja] Comrade Kim Chong-il at the head of our revolution.

The dear leader Comrade Kim Chong-il has pointed out: It is the unanimous sentiment of our party and people, it is their rock-firm revolutionary will, to purely inherit the leader's [suryongnim] cause and to carry it through to the end while upholding the great leader [suryongnim] with loyalty.

At the moment, we are living in a very important era along the road to inheriting and accomplishing the revolutionary cause of chuche.

The most honorable revolutionary duty facing our party and people today is to only be ever-victorious in the struggle to achieve the complete victory of socialism and to add endless luster to our own style of socialism centered upon the popular masses, upholding the fatherly leader's last wishes.

All people as well as officers and men of the People's Army should more vigorously march forward toward a new victory under party leadership [yongdo], keeping deep in their hearts the heavy sense of duty assigned to them by the times and by history.

This year is a meaningful year which marks the 50th anniversary of the founding of the Workers' Party of Korea [WPK] and of the fatherland's liberation.

This year, we should effect a new upsurge on all fronts in the revolution and in construction by more firmly uniting with the dear Comrade Kim Chong-il. By doing so, we should glorify over generations the immortal revolutionary achievements of the great leader, who is the founder of our party and the benefactor of our nation's liberation, and should demonstrate to the entire world the unswerving spirit of our party and people who are carrying to accomplishment the socialist cause by following the banner of the chuche idea.

This year, our people should register a great revolutionary upsurge on all fronts in socialist construction by upholding the slogan "Let us greet the 50th anniversary of the founding of the WPK with lofty political zeal and brilliant labor exploits!"

We should more firmly consolidate the might of single-hearted unity of our revolutionary ranks who are firmly rallied behind Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and the respected supreme commander.

Singlehearted unity is the revolutionary philosophy of our party and the ever-victorious banner of our revolution. All party members, workers, and officers and men of the People's Army should highly display the loyalty and filial piety we failed to fully render to the fatherly leader, while maintaining the path of upholding Comrade Kim Chong-il, the respected supreme commander.

We should firmly ensure the leadership of the party Central Committee centered on Comrade Kim Chong-il throughout the entire party, the entire nation, and the entire army; we should more firmly intensify revolutionary discipline and order so as to move as one in all units of the revolution and construction by following the ideas and leadership of the dear Comrade Kim chong-il.

When all party members and workers as well as officers and men of the People's Army highly uphold the ideas and leadership of the party by cherishing absolute loyalty to the respected comrade supreme commander, the might of our nation will be incomparably strengthened and a great advance will be registered in implementing the socialist cause.

This year we should continuously and vigorously carry out the struggle to accomplish the revolutionary economic strategy by upholding the decisions of the 21st Plenary Meeting of the Sixth Party Central Committee.

Epochally enhancing the people's standard of living by thoroughly implementing the revolutionary economic strategy is our party's firm decision and most important task which our people should adhere to in socialist construction this year.

We should continually direct our utmost efforts to develop agriculture, light industry, and external trade.

Upholding the party's socialist rural construction plan, the rural economic sector should highly demonstrate the superiority of all-people ownership together with cooperative ownership, and should attain the grain production goal set forth by the party without fail by thoroughly implementing the chuche agricultural method.

The light industry domain should epochally increase the production of textile goods of various types, daily necessities, and processed foodstuffs by highly raising the beacon fire of the light industry revolution.

By doing this, we should see to it that more benefits from the party and the state are provided for the people this year, which marks the 50th anniversary of the party's founding.

For us to thoroughly implement the party's policy of enhancing the people's standard of living this year, we



should effect a revolutionary upsurge in precedence domains of the national economy.

Precedence industry fields—including the electric power industry, coal industry, railway transport, and the metallurgical industry field—should boldly innovate technology and fully mobilize all production potentials and possible means so the problems of fuel, energy, and transport will be more satisfactorily solved, and so the upsurge is effected in all domains of the national economy, including agriculture and light industry.

Enhancing the role of the county is very important in upgrading the people's standard of living by implementing the party's revolutionary economic strategy.

The county is a comprehensive unit for developing the local economy and is a regional stronghold.

Based on his scientific insight into the concrete realities of socialist construction in our country, and into constantly increasing the demands in the people's living conditions, the dear leader Comrade Kim Chong-il put forward programmatic tasks for registering a turning point in the people's living conditions by enhancing the role of the county.

All counties should vigorously wage the struggle to further enhance the people's standard of living with their own strength.

By following the model of the Chonchong County Commercial Management Office and of Maengsan County, counties should develop local industry by demonstrating the revolutionary spirit of self-reliance, and should effect a new turn in assiduously managing the sites of county office and farming villages.

The revolutionary spirit of self-reliance and arduous struggle is the ever-victorious invincible spirit of struggle and the method of revolution of our own style which the great leader Comrade Kim Il-song implanted in our people.

Today, when imperialists and various reactionaries intensify maneuvers to crush our own style of socialism, the only way to enable us to defend to the end the sovereignty and dignity of the nation, and to build a stronger and wealthier fatherland on this land, is self-reliance.

All functionaries, party members, and workers should fully demonstrate in this year's combat the spirit of heroic struggle, through which they achieved the reform of the century by courageously overcoming impending difficulties and trials with the revolutionary spirit of self-reliance and arduous struggle.

Upholding the slogan of loyalty "Whatever the party decides, we will accomplish," we should carry out the assigned revolutionary tasks to the end, with our own strength under any conditions.

The key to success in brilliantly implementing the enormous tasks put before us this year largely depends on the role of party organizations and functionaries.

By vigorously carrying out political work, party organizations at all levels should inspire party members and workers to the rewarding struggle to mark the 50th anniversary of the party's founding.

Party organizations should deepen ideological indoctrination work to firmly arm party members and workers with the *chuche* idea—our party's revolutionary idea—and should thus consolidate in every way the single-hearted unity of our revolutionary ranks in which the leader [suryong], the party, and the masses are linked by blood.

The guiding functionaries are the commanding staff of the revolution and a kernel force of our party. All functionaries should serve as hands and feet in embodying our party's politics of benevolence, and should become the standard-bearer.

Economic guidance functionaries should revolutionarily carry out economic organizational work and production command work by cherishing confidence in victory and revolutionary optimism, and should inspire the masses to heroic exploits by leading them with personal examples.

All functionaries should become genuine loyalists who always give joy to the party, just as the forerunners of the Chong Chun-sil movement, and should become true servants of the people whom the people respect and follow.

Firmly consolidating the nation's defense power by strengthening the People's Army is an important work for which we should direct our efforts this year as in the past.

As long as there are the imperialists, and as long as the enemy's maneuvers to crush our own style of socialism are constantly perpetrated, we should more firmly grasp the weapons of revolution.

All officers and men of the People's Army should thoroughly implement our party's basic military line in rock-firm unity with Comrade Kim Chong-il, the respected supreme commander, and should intensify the political and military might of our revolutionary armed forces in every way.

All officers and men of the People's Army must endlessly strengthen their combat and political training with a tense and mobilized posture, and must defend our territorial land, our territorial airspace, and our territorial waters like an impregnable fortress.

We must thoroughly establish the trait of attaching importance to military affairs throughout society, and must consolidate the all-people and all-state defense system.



We must make the noble and beautiful trait of traditional and outstanding Army-people unity fully blossom to ensure that the people assist the Army both materially and spiritually, that they love it like their own child, and that officers and men of the People's Army respect the people and even risk their lives to defend the people's lives and property.

Our revolutionary tasks today are difficult and massive. However, victory is certain.

The respected and beloved comrade supreme commander, an outstanding ideologist and theoretician, politician, and ever-victorious iron-willed commander, is leading our revolution in the vanguard. We have the rock-solid foundation which the great leader built throughout his life, and which will not shake eternally. We also have millions of party members, workers, and heroic People's Army soldiers strongly united around the respected and beloved comrade supreme commander.

The potential and might of the self-reliant economy which our people built through arduous struggles after tightening their belts is enormous. As long as there is invincible might with which one can complete the *chuche*-oriented socialist cause to the end in any storm, we have nothing to be afraid of.

Let us—the entire party, all the people, and the entire Army—cherish new confidence and optimism, redouble our courage, and unanimously stand up to brilliantly decorate this year, which marks the 50th anniversary of the party's founding and the 50th anniversary of the fatherland's liberation, as the most meaningful year in the history of our fatherland.

Bringing an end to the national division and reunifying the fatherland is a supreme national task that can no longer be delayed. The national division, which began in the 1940's, continues at present in the mid-1990's. This is a historical tragedy unallowable in view of national independence and in view of peace and security in the world.

Our fellow countrymen, whether they live in the North, South, or overseas, are filled with an unshakable will and resolve to reunify the fatherland in the 1990's at all costs.

Last year, our party and the government of the republic made every effort to reunify the fatherland, which all fellow countrymen unanimously yearn for. The fatherly leader, who made every effort to reunify the fatherland since the day he led the arduous great anti-Japanese revolutionaries to victory and liberated our nation from the yoke of colonial slavery, last year took a momentous measure that opened a turning point in the way of reunification. What the respected and beloved leader made efforts for until the last moment when his great heart stopped beating was the issue of reunifying the fatherland and reversing the situation in the country, which was headed for confrontation, to the phase of dialogue and negotiations.

The great leader's noble love for the country and the nation, and his energetic leadership, gave great joy and hope to all fellow countrymen in the North, South, and abroad; it filled the entire country and all fellow countrymen with burning enthusiasm for reunification.

This notwithstanding, the countrymen's joy and jubilation did not last long due to the South Korean authorities' anti-national, anti-reunification-oriented maneuverings.

Far from complying with the etiquette of expressing condolences over the accident [Kim Il-song's death] which the compatriots unexpectedly experienced—as would be expected from one party to the reunification dialogue and as a member of the nation—the South Korean ruling bunch turned gun barrels on the suffering hearts of its compatriots and ran along the road of fascist suppression and betrayal, thereby returning North-South relations, which had been developing in the direction of reconciliation and unity, again to antagonism and confrontation.

If it had not been for the vicious obstructionist maneuverings by the South Korean ruling bunch last year, the pan-national movement for reunification staged by the South Korean people would have been joined with the efforts for reunification by compatriots in the North and overseas; thus, a new epoch-making turning point would have unfolded, as had been indicated by the great leader [suryongnim].

Today, we usher in a new year full of new faith and optimism concerning the country's independent, peaceful reunification. The new year 1995 marks the 50th since the country was divided by outside forces. The great leader's last wish was that we should achieve the fatherland's reunification within the current century by all means [pandusi].

By upholding the great leader Comrade Kim Il-song's lifetime wishes and forcefully accelerating the pan-national grand march for reunification, we should put an end to the history of national division and reunify the fatherland in the 1990's by all means [kioi].

The line and policy of our party as well as the government of the republic concerning the fatherland's reunification are consistent and invariable.

The three-point principle—independence, peaceful reunification, and grand unity of the nation—which the great leader Comrade Kim Il-song elucidated during his life time is a firm cornerstone and a precious asset for the fatherland's reunification; it serves as a departure and foundation in our people's struggle for the fatherland's reunification.

No matter how variably the situation at home and abroad may change, the reunification of our fatherland should be achieved in conformity with this three-point principle.



We should firmly defend the independent position of rejecting outside forces' dominance and interference over, and solving of, all kinds of questions arising from the movement for reunification by depending upon the nation's *chuche*-oriented forces. We should regard as a rock-firm principle the idea of giving priority to the demands and interests of the nation with regard to the question of reunification, and of solving such a question in conformity with this.

With a view to averting the danger of war and guaranteeing genuine peace and security on the Korean peninsula, we should bring about the replacement of the Armistice Agreement between us and the United States [*miguk*] with a peace agreement, the establishment of a new peace guarantee system, and the removal of the acute military confrontation between the North and South. Along with this, we should resolutely check and frustrate military exercises, military provocative maneuverings, and schemes to augment the armed forces, which the South Korean authorities conduct under various pretexts in collaboration with outside forces.

It is necessary to achieve the grand unity of the entire nation in order to realize the fatherland's independent and peaceful reunification.

The 10-Point Program for the Grand Unity of the Entire Nation for the Fatherland's Reunification put forth by the great leader Comrade Kim Il-song is a grand charter which helps advance the sacred cause of the fatherland's reunification with the nation's concerted efforts.

All compatriots in the North, South, and overseas should firmly unite as one, transcending the differences in factions, affiliations, political opinions, and religious beliefs under the idea of the 10-Point Program for the Grand Unity of the Entire Nation; they should make distinctive [*tuksaekinnun*] contributions to the country's reunification in conformity with the environment and conditions they are under as a part of the Korean nation.

To realize the grand unity of the entire nation, it is necessary to vigorously carry out a pan-national movement to remove the obstacles to national unity and the fatherland's reunification.

Almost two years have passed since the Kim Yong-sam regime was inaugurated under a civilian signboard. All events that have taken place so far in South Korea show the so-called civilian regime is only so in appearance; in reality, it is a toadyist, treacherous, fascist, dictatorial, and divisionist regime more disgraceful than the military dictatorial regimes.

Today, the South Korean youth and students as well as people from all other walks of life are vigorously waging a struggle to abolish or dismantle the National Security Law and all other legal and systematic mechanisms that block national reconciliation and unity; they oppose the current fascist treacherous regime, and seek to build an

independent democratic regime that aspires for independence, democracy, and reunification. This is natural.

The fairest and most reasonable and realistic formula under which the country can be reunified on the three principles of independence, peaceful reunification, and great national unity is to achieve reunification under a confederal system based on the formula of one nation and one state, two systems and two governments.

All fellow countrymen in the North, South, and abroad must promote co-existence, co-prosperity, and common interests based on national love and the principle of national independence; must achieve strong unity based on the principle of subordinating everything to the cause of reunifying the fatherland; and must unanimously participate in the struggle to build an independent, peaceful, and sovereign confederal state—a pan-national reunified state—and thus hasten reunification in the 1990's.

Because of the maneuvers by divisionists at home and abroad, the road to reunification is still thorny. However, it is certain the cause of reunification will be accomplished. We have the most just and reasonable principles, programs, and ways for the fatherland's reunification presented by the great leader Comrade Kim Il-song, plus a rock-solid foundation for implementing them. Standing today on the vanguard of our nation is respected and beloved Comrade Kim Chong-il, whom all fellow countrymen boundlessly respect and trust as the outstanding leader [*yongdoja*] of the nation and as the lodestar of the fatherland's reunification.

Our people, who are marching forward under the leadership of Comrade Kim Chong-il, the respected and beloved supreme commander, in hearty response to the great leader Comrade Kim Il-song's behest for reunification, will reunify the fatherland in the 1990's at all costs after removing all difficulties and obstacles in the way of reunification, thus fully accomplishing the great leader's lifelong earnest desire for the entire 3,000-ri land.

Last year was a historic year when the external prestige of our republic was significantly heightened, and when our revolution's international solidarity was strengthened beyond comparison. Despite pain and sorrow from the great loss in the unanticipated state funeral, and in hearty response to the fatherly leader's lifelong will, our party and the government of the republic brought about great achievements in concluding the DPRK-U.S. accord, the negotiations for which lasted almost one and a half years, and in adopting and releasing the DPRK-U.S. agreed framework. This was a brilliant fruition of our firm independent position, consistent peaceful nuclear activities, and peaceful reunification policy of our party and the government of the republic, as well as a momentous event that is very meaningful in promoting peace on the Korean peninsula, in hastening peaceful reunification on the Korean peninsula, and in ensuring peace in Asia and the world.



The DPRK-U.S. Agreed Framework is a milestone in solving the nuclear problem on the Korean peninsula and developing DPRK-U.S. relations, and is a weighty document guaranteed by the two countries' heads of state [tunara kukka subanduri pojunghan].

Today we are making sincere efforts to implement the DPRK-U.S. agreed framework, and the world recognizes this.

If the United States [miguk] abandons its antagonistic policy against us and faithfully implements the agreement, the abnormal relations of hostility [pijong-sangjokin choktae kwangye] between Korea and the United States will be resolved [haeso] and trust will be created. This will lead to solving the nuclear issue on the Korean peninsula at its source and to achieving denuclearization in our era.

Independence, peace, and friendship—which the great leader Comrade Kim Il-song elucidated in his lifetime—are foreign-policy ideals and principles of external activities to which our party and the government of the republic consistently adhere to. We must further strengthen friendship and unity with the people of the world under the ideals of independence, peace, and friendship; we must positively contribute to mankind's common cause of making the international community independent and democratic, and of building a free, peaceful, and friendly new world free from domination and subjugation.

In the new year, our party and the government of the republic will develop relations of friendship and cooperation with the people of socialist countries, non-aligned countries, and various other countries based on the principle of independence. We will positively make efforts to destroy the international order of domination and subjugation; to establish a new international order based on equality, justice, and fairness; and to develop South-South cooperation based on the principle of collective self-reliance.

We will check and frustrate the imperialists' aggression, interference, and disturbance in unity with all peace-loving people of the world. We will achieve the wishes of mankind to live in a world free from nuclear weapons by achieving disarmament, in particular nuclear disarmament, and will make all efforts to safeguard peace and security in Asia and the world.

This year is a year with great significance in the history of our party's and our people's revolutionary struggle to brilliantly inherit and accomplish the *chuche* revolutionary cause pioneered by the great leader Comrade Kim Il-song.

The greatness of the ideas and the leadership of Comrade Kim Chong-il, the respected supreme commander, will be more vigorously displayed in all domains of the revolution and construction, and our revolution will greet a new great golden age.

As long as the *chuche* idea, the revolutionary idea of the great leader Comrade Kim Il-song who is with us forever, brilliantly illuminates the road we advance along, and as long as Comrade Kim Chong-il, the respected supreme commander, stands at the van of our party and revolution, the *chuche* revolutionary cause will be ever-victorious and indomitable.

Let us all firmly unite with the party Central Committee centered on the respected Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and supreme commander of our revolutionary armed forces, and effect a new victory in socialist construction. Let us all vigorously fight to expedite the independent and peaceful reunification of the nation.

### National Reunification Discussed

SK0101114195 Pyongyang KCNA in English 0836  
GMT 1 Jan 95

["New Year's Editorial on Question of National Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN and CHOSONIN-MINGUN [name of publication as received] (the daily of the Korean People's Army) and NODONG CHONG-NYON in a joint editorial on the New Year say that it is the behests of the great leader that the cause of national reunification must be accomplished within this century without fail.

The editorial says:

The three principles—independence, peaceful reunification and great national unity—laid down by the great leader Comrade Kim Il-song in his lifetime are the solid foundation stone and valuable asset for national reunification. They are the starting point and basis in the struggle of our people for national reunification. However the situation at home and abroad may change, our country must be reunified on these three principles.

The editorial further says:

The most fair, reasonable and realistic lay of reunifying the country on the principles of independence, peaceful reunification and great national unity is the confederation formula based on one nation, one state, two systems and two governments. All the Koreans in the North, the South and overseas must firmly unite on the principle of promoting co-existence, co-prosperity and common interests and subordinating everything to the cause of national reunification on the basis of patriotism and the spirit of national independence and turn out as one in the struggle to build a pan-national unified state, a confederal state which is independent, peaceful and neutral, and thus achieve reunification in the 1990.

Our people, who are advancing under the leadership of respected Supreme Commander Comrade Kim Chong-il, true to the behests of the great leader Comrade Kim



Il-song on reunification, will certainly reunify the country in the 1990s, surmounting the difficulties and obstacles lying in the way of reunification, and fully realize the great leader's lifelong desire in the motherland of 3,000 ri.

#### **Government Foreign Policy Noted**

*SK0101140895 Pyongyang KCNA in English 1044  
GMT 1 Jan 95*

["New Year's Editorial on Foreign Policy of WPK and DPRK Government"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN and CHOSONINMINGUN [name of publication as received] (daily of the Korean People's Army) and NODONG CHONGNYON today in a joint editorial on the new year elaborate on the foreign policy of the Workers' Party of Korea [WPK] and the DPRK Government.

The editorial says:

Independence, peace and friendship indicated by the great leader Comrade Kim Il-song in his lifetime are the idea of the foreign policy and the principle of external activities consistently maintained by our party and the DPRK Government.

In the new year, too, our party and the DPRK Government will develop friendly and cooperative relations with the peoples of different countries of the world including socialist and nonaligned countries on the principle of independence and actively work to destroy the old international order of domination and subjugation, establish a new one based on equality, justice and equity and develop South-South cooperation on the principle of collective self-reliance. We will also unite with all the peaceloving peoples of the world and do all we can to check and frustrate the imperialist moves of aggression, interference and disturbance, realise the desire of humankind to live in a world free from nuclear weapons through disarmament, especially nuclear disarmament, and safeguard peace and security in Asia and the world.

#### **North-U.S. Accord Said Milestone**

*SK0101125495 Pyongyang KCNA in English 1040  
GMT 1 Jan 95*

["New Year's Editorial on Peace and Security on Korean Peninsula and Implementation of DPRK-U.S. Agreed Framework"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN and CHOSONINMINGUN [name of publication as received] (daily of the Korean People's Army) and NODONG CHONGNYON in a joint editorial on the New Year dwell on the peace and security on the Korean peninsula and the question of

implementing the agreed framework between the Democratic People's Republic of Korea and the United States.

The editorial says:

In order to avert the danger of war and preserve a genuine peace and security on the Korean peninsula, we must replace the Armistice Agreement with a peace agreement between the DPRK and the United States, establish a new peace mechanism and remove the acute military confrontation between the North and the South. At the same time, we must decisively check and frustrate the military exercises under various code names, military provocations and arms buildup carried on by the South Korean authorities in collusion with outside forces.

The DPRK-U.S. framework agreement is a milestone in the resolution of the nuclear issue on the Korean peninsula and the development of DPRK-U.S. relations and a weighty document guaranteed by the heads of state of the two countries. Today we are making sincere efforts to implement this agreement. When the United States renounces its hostile policy toward the DPRK and honestly implements the agreement, the abnormal hostile relations between the DPRK and the United States will be removed and confidence will be built and this will lead to the fundamental settlement of the nuclear issue on the Korean peninsula and the denuclearization of this region.

#### **Kim Il-song Exploits Elaborated**

*SK0101105695 Pyongyang KCNA in English 0821  
GMT 1 Jan 95*

["A NODONG SINMUN, CHOSONINMINGUN and NODONG CHONGNYON on Immortal Exploits of President Kim Il-song"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, and CHOSONINMINGUN [name of publication as received] (the daily of the Korean People's Army) and NODONG CHONGNYON in a joint editorial on the New Year 1995 elaborate on the immortal exploits performed by the great leader President Kim Il-song.

The editorial says:

Last year we parted forever with the great leader Comrade Kim Il-song, who had led our party and people and our revolutionary Armed Forces to victories. This was the greatest misfortune ever known in our national history spanning five thousand years and the greatest loss to our party and people, which cannot be made up with anything.

The editorial further says:

The great leader Comrade Kim Il-song was the first great sun of chuche whom our people greeted and held in high



esteem, greatest revolutionary and peerless great man and tender-hearted father of the people, who performed undying feats for the time and revolution, the country and nation.

The most correct guiding idea that eternally guarantees the triumphant advance of the cause of independence of our times, the cause of socialism, and the chuche-type great party and power, the invincible revolutionary Armed Forces and the most superior anthropocentric socialist system, and all other precious gains that shine brightly in this land are fruits of the lifelong devoted services of the great leader.

It was thanks to the great leader that the destinies of our country and nation were saved and the dignity and honor of chuche Korea demonstrated throughout the world, and a new era was greeted, in which the progressive humankind is confidently advancing along the track of independence.

With the sudden death of the fatherly leader, our party, state and revolutionary Armed Forces lost their great founder and leader and progressive humankind lost an outstanding leader who brightly lit the road ahead of the era. Though his heart stopped beating, the great leader is alive and will always be alive in the hearts of our people and the world revolutionary people as the sun of chuche.

#### **Augmenting Might of Unity Urged**

*SK0101112895 Pyongyang KCNA in English 0830 GMT 1 Jan 95*

["NODONG SINMUN, CHOSONINMINGUN and NODONG CHONGNYON Call For Augmenting Might of Rockfirm Unity of Revolutionary Ranks Around Comrade Kim Chong-il"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN and CHOSONINMINGUN [name of publication as received] (the daily of the Korean People's Army) and NODONG CHONGNYON in a joint editorial on the New Year 1995 call for further augmenting the might of the rockfirm unity of our revolutionary ranks around the great leader Comrade Kim Chong-il.

The editorial says:

1994 was a historic year in which all the people and the officers and men of the People's Army rose up as one man, united in one mind around the great leader Comrade Kim Chong-il, and powerfully demonstrated the invincibility and superiority of our-style socialism.

The great leader Comrade Kim Chong-il is immediately the respected leader Comrade Kim Il-song and, as long as it is led by Comrade Kim Chong-il, the socialist cause of chuche, the human cause of independence, is always invincible. This was the unshakable faith and will that our people and the officers and men of the People's Army cherished deeper in their hearts last year.

Stressing that this year the Korean people should effect great revolutionary upsurge in all fields of the revolution and construction, more closely united around dear Comrade Kim Chong-il, the editorial says:

We should further augment the might of the rock-firm singlehearted unity of our revolutionary ranks around respected Supreme Commander Comrade Kim Chong-il, the great leader of our party and people.

All the party members, working people and officers and men of the People's Army, deeply cherishing in their hearts their great pride and happiness in being blessed with sagacious leaders through generations, should display intense loyalty and filial piety, which they had failed to fully devote to the fatherly leader, in upholding respected Supreme Commander Comrade Kim Chong-il.

#### **'Important Tasks' Stressed**

*SK0101110495 Pyongyang KCNA in English 0825 GMT 1 Jan 95*

["A New Year' Editorial on Important Tasks of Socialist Economic Construction for this Year"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—NODONG SINMUN and CHOSONINMINGUN [name of publication as received] (the daily of the Korean People's Army) and NODONG CHONGNYON in a joint editorial on the new year elaborate on the most important tasks in socialist economic construction this year.

The editorial says:

This year, we should continue to bend energetic efforts for the implementation of the revolutionary economic strategy, remaining true to decision of the 21st plenary meeting of the 6th Central Committee of the party.

To radically improve the people's living standard by thoroughly implementing the revolutionary economic strategy is the unshakable determination of our party and the most important task which our people must not fail to fulfil in socialist economic construction this year.

The editorial lays stress on continuously directing primary efforts to the development of agriculture, the light industry and foreign trade and on developing the leading industrial sectors such as the power industry, the coal industry and railway transport and the metal industry.

The editorial also stresses that to strengthen the People's Army and consolidate the defence capabilities of the country is an important work into which we must put efforts this year, too, is in the past.

#### **Functionaries Support Editorial**

*SK0301094795 Pyongyang Korean Central Broadcasting Network in Korean 0610 GMT 3 Jan 95*

[FBIS Translated Text] Functionaries of the State Commission of Science and Technology, who received the



respected leader Comrade Kim Il-song's 1994 New Year address, which serves as an everlasting and immortal militant banner in our people's revolutionary struggle, as well as the joint editorial of NODONG SINMUN, THE KOREAN PEOPLE'S ARMY, and WORKING YOUTH, announced on the occasion of the New Year 1995 that they are filled with firm resolution to accomplish to the end the chuche revolutionary cause in firm unity around the great leader [yongdoja] Comrade Kim Chong-il.

Comrade Choe Hui-chong, chairman of the State Commission of Science and Technology, and Comrade Kim Hyong-chol, vice chairman and doctor, said as follows:

[Begin recording] [Choe] As we received the joint editorial of the organ of the party, the organ of the military, and the organ of youth, entitled "Let Us Dynamically Advance the New Year's March by Upholding the Leadership of the Great Party," and as we again accepted the great leader's New Year address, the hearts of all functionaries of the State Commission of Science and Technology are overflowing with the feelings of infinite adoration of the respected leader [suryong]. We are consolidating the rock-firm pledge to further intensify and glorify the system of popular mass-centered socialism of our own style, which the fatherly leader provided by devoting his whole life, by loyally upholding the leadership of the great leader [yongdoja] Comrade Kim Chong-il.

Indeed, as we greet the New Year after bidding out the last year during which we suffered pain of greatest loss unprecedented in our nation's 5,000-year history, our yearning for the respected leader—the nation's great father who devoted sleepless and restless efforts and pains for our people's happiness—is becoming even more ardent.

Reflected in every corner of happiness that our people are enjoying are the sleepless and tireless efforts of the fatherly leader who walked through all places across the country without even a day's rest in order to provide our people with the most superior socialist system in the world.

Because there was the fatherly leader, our intellectuals could freely enjoy a happy life after becoming the element of the driving force of the revolution and everlasting partners of the revolution.

Indeed, the fatherly leader is a benevolent father who warmly looked after and led the fate of our intellectuals. The fact that our people, tenaciously overcoming the sorrow of having lost the nation's great father, are vigorously struggling for accomplishment of the chuche revolutionary cause with the might of single-hearted unity, is because Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, is standing at the van of our revolution.

Because there is great Comrade Kim Chong-il, our mind is secured [maumdo tundunhamyo] and our hearts are filled only with a sense of confidence in victory.

We will highly display the revolutionary spirit of self-reliance and arduous struggle in scientific research work by cherishing burning loyalty to the party and the leader [suryong] and confidence in victory of the socialist cause. By developing the nation's science and technology from the standing point of chuche, we will make the socialist system of our own style strong and prosperous and will further glorify it.

[Kim] I have the same feelings. Each year we accepted the fatherly leader's New Year address with boundless emotion and deep impression on the first day of the New Year. Did we not?

As I again accepted the great leader's New Year address today, my heart is filled with the sense of yearning after the fatherly leader who warmly looked after and led the destiny of all of our intellectuals. I am firmly resolved to thoroughly implement the great leader's lifetime teachings.

Because the chuche idea—the revolutionary idea of the great leader who is with us forever—is illuminating the path we are advancing, and because Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, is standing at the van of our revolution, we are not afraid of anything, no matter what enormous and difficult task may come up.

We will effect a new turn in developing the nation's science and technology in order to make this year significant, which marks the 50th anniversary of the party's founding and the 50th anniversary of national liberation, a most brilliant year in our national history by cherishing burning loyalty to the party and the leader [suryong] and firm confidence in socialism.

In the New Year, too, we will firmly grasp the tasks for the development of science and technology in order to thoroughly carry to accomplishment the party's revolutionary economic strategy. We will focus the commission's overall efforts on implementing the issue of introducing new agricultural production technology; the issue of normalizing the production of fertilizer, vinalon, lead, and zinc; the issue of actively utilizing alternative energy [taeyong yollyorul chokkuk iyonghanun munje], and tasks for promoting the quality of commodities. Thus, we will prove the practical worth of the people's living condition.

We will loyally uphold the leadership of the great leader [yongdoja] Comrade Kim Chong-il. [end recording]

### **Paper Stresses Three Principles of Reunification**

SK0201092895 Pyongyang KCNA in English 0839  
GMT 2 Jan 95

["NODONG SINMUN on Three Principles of National Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA)—NODONG SINMUN in a signed article today



holds that the country must be reunified by confederacy formula on the basis of the three principles of national reunification.

Recalling that what the great leader Comrade Kim Il-song desired in his lifetime was the reunification of the country, the article says: The whole nation, as he wished, should accelerate the grand march for reunification by united efforts, put a period to the history of national division and achieve the reunification of the country in the 1990's without fail.

The article further says:

The great leader Comrade Kim Il-song, with a scientific insight into the essence, character and prospect of the reunification question, put forward the three principles on national reunification, the keynote of which is independence, peaceful reunification and great national unity.

The three principles of national reunification are the solid foundation stone and valuable wealth for national reunification and are the starting point and basis in resolving the national reunification question in conformity with demand of the Korean people for independence and their basic interests.

The great leader Comrade Kim Il-song, basing himself on the three principles of national reunification, set forth the proposal for founding the Democratic Confederal Republic of Koryo, a proposal for reunification by the confederacy formula, as the most realistic solution to the national reunification question.

This proposal envisages that reunification is achieved by means of founding a nationwide unified state which can represent all the members of the nation of all political parties, groupings and social strata, confederal state in which the two regional governments of the North and South are equally represented, with the existing two systems and two governments in the North and the South left as they are, through the great unity on the whole nation.

Since there exist different ideas and systems in the North and the South of Korea, the reunification of the country must be achieved by the confederacy formula based on one nation, one state, two systems and two governments, on the principle of co-existence under which neither side conquers the other nor is conquered, neither side prevails over the other, or is prevailed over.

To found a nationwide reunified state, confederal state the most correct way of resolving the reunification question independently and peacefully is reliance upon the united efforts of the whole nation in compliance with the common demand and will of the nation.

If the country is reunified by means of founding a confederal state, the cherished desire of the nation for reunification will be realized, neither the North nor the South having its interests infringed upon, and the

resourceful and proud features of the unified nation, homogeneous nation with Tangun as its ancestral father, will be demonstrated to the world.

The article calls upon all the Koreans in the North, the South and overseas to firmly unite on the principle of subordinating everything to the cause of national reunification on the basis of love for the nation and the spirit of national independence, and turn out as one in the struggle to found an independently peaceful and neutral confederal state, a nationwide reunified state, thus achieving the reunification of the county in the 1990s.

### **Reunification in 1990's by 'Great' Unity Urged**

*SK0301042295 Pyongyang KCNA in English 0416  
GMT 3 Jan 95*

[“NODONG SINMUN Calls for Reunification in 1990's by Great National Unity”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 3 (KCNA)—The Korean people will successfully realise the great leader Comrade Kim Il-song's behests on reunification by reunifying the country in the 1990s by great national unity under the tested guidance of the great leader Comrade Kim Chong-il, declares NODONG SINMUN in an article today.

The author of the article says:

Great unity of the whole nation is essential for terminating the tragedy of national division caused by outside forces and reunifying the country.

The division imposed on our nation by outside forces must be terminated by our nation's own efforts on any account.

In order to put an end to foreign aggression and interference and reunify the country at an early date with our nation's own efforts, the whole nation must firmly unite into one. If we Koreans fail to be reconciled as one nation and fight each other, remaining divided, outside forces will fish in troubled waters. Only when the whole nation fights in firm unity, it can frustrate foreign interference and obstruction and accomplish the historic cause of national reunification.

All the people in the north, the South and overseas who wish reunification must unite more firmly than ever before at this moment when the Kim Yong-sam group is entering a more grave stage in its anti-national, anti-reunification moves, while hindering the reconciliation and unity of the nation and seeking a permanent division of the country, clinging to the coattails of outside forces.

They must uphold “10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country” put forward by the great leader Comrade Kim Il-song, fight to carry it out to the letter and achieve the great unity of the whole nation.



They must unite closely and make tangible contributions to the reunification of the country, those with strength dedicating strength, those with knowledge contributing knowledge and those with money donating money.

There lie a lot of obstacles and difficulties in the way of reunifying the country by the great unity of the whole nation. But, the cause of national reunification will certainly be accomplished as the great leader Comrade Kim Il-song is immortal as the sun in the hearts of the entire nationals and the cause is led by the great leader Comrade Kim Chong-il.

### **Kim Chong-il, Foreign Leaders Exchange Greetings**

*SK0201091595 Pyongyang KCNA in English 0829 GMT 2 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA)—The great leader Comrade Kim Chong-il exchanged New Year's cards with foreign party and state leaders on the New Year 1995.

Among them are Deng Xiaoping, former chairman of the Military Commission of the Central Committee of the Communist Party of China; Jiang Zemin, general secretary of the Central Committee of the CPC and president of the People's Republic of China; Li Peng, premier of the State Council of the PRC; Qiao Shi, chairman of the Standing Committee of the National People's Congress of PRC; Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, and Hu Jintao, member of the Secretariat of the Central Committee of the CPC, who are members of the Standing Committee of the Political Bureau of the Central Committee of the CPC; Chen Yun, former chairman of the Central Advisory Commission of the CPC; Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of the Republic of Cuba; Norodom Sihanouk, king of Cambodia; Khamtai Siphandon, chairman of the Central Committee of the Lao People's Revolutionary Party and premier of the Lao People's Democratic Republic [LPDR]; Nouhak Phoumsavan, president of the LPDR; Yasir 'Arafat, president of the state of the Palestine, chairman of the Executive Committee of the Palestine Liberation Organization and commander-in-chief of the Palestine Revolutionary Armed Forces; Pu Ochirbat, president of the State of Mongolia; Suharto, president of the Republic of Indonesia; Ilyas al-Hirawi, president of the Republic of Lebanon; Tuanku Ja'afar ibni Al-Marhum Tuanku Abdul Rahman, king of Malaysia; Ong Teng Cheong, president of the Republic of Singapore; Farooq Leghari, president, and Benazir Bhutto, prime minister, of the Islamic Republic Pakistan; Glafcos Clerides, president of the Republic of Cyprus; Mohammed Hosni Mubarak, president the Arab Republic of Egypt; Jerry John Rawlings, president of the Republic of Ghana; Anerood Jugnauth, prime minister of the Republic of Mauritius; Joaquim

Alberto Chissano, president of the Republic of Mozambique; Sylvestre Ntibantunganya, president of the Republic of Burundi; Antonio Mascarenhas Monteiro, president of the Republic of Cape Verde; Obiang Nguema Mbasogo, president and head of State of the Republic of Equatorial Guinea and founder- chairman of the Democratic Party of Equatorial Guinea; Robert G. Mugabe, president of the Republic of Zimbabwe; Ali Hassan Mwinyi, president, and Julius K. Nyerere, former president, of the United Republic of Tanzania; Yoweri Kaguta Museveni, president of the Republic of Uganda; Queen Margrethe II of the Kingdom of Denmark; Ion Iliescu, president of Romania; Ciro Gligorov [name as received], president of the Republic of Macedonia; Nursultan Nazarbayev, president of the Republic of Kazakhstan; Lech Walesa, president of the Polish Republic; Sali Berisha, President of the Republic of Albania; Islam Karimov, president of the Republic of Uzbekistan; Zoran Lilic, president of the Federal Republic of Yugoslavia; Leonid Kuchma, president of Ukraine; Vigdis Finnbogadottir, president of the Republic of Iceland; Violeta Barrios de Chamorro, president of the Republic of Nicaragua; Alberto Fujimori Fujimori, president on the Republic of Peru; Kennedy Simmonds, prime minister St. Kitts-Nevis; and Lester Bryant Bird, prime minister of Antigua and Barbuda.

Comrade Kim Chong-il also exchanged New Year's cards with General Secretary of the National Council of the Communist Party of India Indrajit Gupta, Chairman of the Hungarian Workers' Party Gyula Thurmer and Chairman of the National Council of the Communist Party of Portugal Alvaro Cunhal.

### **Kim Chong-il Receives Message From Iranian Head**

*SK0101114695 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 1 Jan 95*

[FBIS Translated Text] The great leader of our party and our people Comrade Kim Chong-il received a message of greetings from Akbar Hashemi-Rafsanjani, president of the Islamic Republic of Iran, on the New Year 1995.

The message reads: Pyongyang, Your Excellency Kim Chong-il, the great leader of the Korean people and supreme commander of the Korean People's Army [KPA]:

On the occasion of the New Year, I send the warmest congratulations to Your Excellency on behalf of the people of the Islamic Republic of Iran and on my own behalf.

I hope that friendship and cooperation will be further expanded in the new year as well in the struggle to oppose oppression and to achieve peace, justice, and true unity.

I wish Your Excellency long life and good health and success in work, and wish the people of the DPRK happiness and prosperity.



[Signed] Akbar Hashemi-Rafsanjani, president of the Islamic Republic of Iran  
[Dated] 26 December 1994, Teheran.

**Envoy to China: Kim Chong-il in Total Control**

*HK0301071695 Hong Kong AFP in English 0635 GMT  
3 Jan 95*

[FBIS Transcribed Text] Beijing, Jan 3 (AFP)—The North Korean Ambassador to China said Friday that Kim Chong-il was in total control of the country, despite his failure to deliver an annual nationwide address at the New Year.

"Kim Chong-il is the supreme leader of our party, the state and the army," Ambassador Chu Chang-chun told reporters here, adding that the New Year's address—a tradition started by Kim's late father Kim Il-sung—had been replaced by a long editorial carried by major North Korean newspapers.

"The joint editorial ... is in accordance with the intentions of the Dear Leader Kim Chong-il," the ambassador said.

The delay in Kim's succession to his father's titles as president and ruling party chief has fuelled speculation of a power struggle in the North involving the armed forces. There have also been rumours that Kim might be seriously ill.

However, Chu stressed that "strengthening the military around Kim Chong-il" would be a top national priority in 1995.

**Footage of Kim Chong-il Sent to Japanese TV**

*OW0301104895 Tokyo KYODO in English 1007 GMT  
3 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 3 KYODO—North Korea's Korean central television station on Tuesday [3 January] delivered to Japanese television networks a film of Kim Chong-il visiting a unit of the Korean People's Army (KPA) to mark New Year's Day, a Japanese Broadcasting Corp. (NHK) official said.

Although Kim, the son and heir apparent to the late President Kim Il-sung, did not deliver an annual New Year's Day message through the media, he visited the Army in a rare public appearance.

NHK received the film via satellite from the North Korean station in response to a request from the Japanese public TV station for pictures of Kim's visit to the KPA on Sunday, which marked his first public appearance in two months, the NHK official said.

This month NHK is serving as coordinator on behalf of Japanese television networks for receiving pictures from the North Korean state-run broadcaster.

The nine-minute film comprised a four-minute segment showing only an announcer and a five-minute portion showing Kim, whose voice was not recorded, according to NHK.

Kim, 52, was last seen in public Nov. 1, when he inspected a bridge under construction in Pyongyang.

His absence since then, as well as his failure to deliver a New Year's message, renewed talk about his rumored health problems or political opposition in North Korean leadership.

The late president Kim Il-sung had customarily issued an address every New Year's Day outlining North Korea's basic policy for the year.

**People's 'Worship' for Kim Chong-il Described**

*SK0201094095 Pyongyang KCNA in English 0846  
GMT 2 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA)—The Korean people's worship of the great leader Comrade Kim Chong-il is a pure feeling of firmly trusting and following only the great leader, rain or shine, and an eternal idea which is unbounded, declares NODONG SINMUN today.

In a article headlined "Ours is a Loyal People With Absolute Worship of the Great Leader," the author says:

Worship of Comrade Kim Chong-il is the noblest ideological and moral quality of our people today.

The article quotes the great leader Comrade Kim Chong-il as saying:

"It is an admirable tradition of our people to show deepest respect and reverence to their leader and uphold him."

Our people's worship of the great leader Comrade Kim Chong-il is the rock-firm trust with which they deeply believe in and follow only their leader, even if the world may change a hundred times and the earth may break, and a spotlessly pure and clean heart to entrust their destiny wholly to their great leader and uphold him with loyalty and filial duty.

This worship is spotlessly pure and clean and it is a most solid one based on unquestioned trust in their leader. It is also the sentiments of the whole people which are highly displayed in the whole society.

Now our people sincerely uphold the great Comrade Kim Chong-il, cherishing his august name and image in the deepest recess of their hearts. It is the unshaken stance and position of our people to link everything most sacred and precious in the world with their leader and know no one but their leader.

Our people worship the great leader with a pure heart because they form a complete community of destiny and a harmonious whole with the leader.



The great leader Comrade Kim Chong-il is to our people the sun of life who bestows upon them the most precious life and exalts it.

There may be a force in this world that can break the earth, but no force can shake the faith and will of the Korean people who trust and follow only their leader.

The unquestioned trust of our people in their great leader is a rock-firm faith which has been solidified in the course of a protracted and arduous revolutionary struggle under the guidance of the leader.

Our people have acquired absolute trust in the great leader Comrade Kim Chong-il while making the revolution under his leadership in the past days, trust which they will not change for anything. It is the immovable creed gained by our people in the protracted struggle that only when they uphold him can our motherland prosper eternally and will the Korean revolution certainly end in victory.

#### **Kim Chong-il Visits KPA Unit New Year's Day**

*SK0101103395 Pyongyang Korean Central  
Broadcasting Network in Korean 0800 GMT 1 Jan 95*

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA] visited the Army unit of the KPA and congratulated the officers and men of the KPA. Comrade Kim Chong-il, chairman of the DPRK National Defense Commission, supreme commander of the KPA, and the great leader [widaehan yongdoja] of our party and our people, visited the 214th Army Unit of the KPA and congratulated the officers and men of the People's Army today on New Year's Day, the beginning of a hopeful new year.

At 0930 [0030 GMT], KPA Supreme Commander Comrade Kim Chong-il, who invariably leads our people and People's Army along the single road of victory and glory, arrived at the Army unit. At that moment, the soldiers warmly welcomed Supreme Commander Comrade Kim Chong-il, chanting the slogan "Let us lay down our lives to struggle for the respected and beloved Supreme Commander General Kim Chong-il."

Greeting KPA Supreme Commander Comrade Kim Chong-il on the spot were Comrade Choe Kwang, vice chairman of the DPRK National Defense Commission and chief of the General Staff of the KPA; KPA General Yi Pong-won, member of the party Central Military Commission; KPA Colonel General Nam Sang-nak, Colonel General Pak Chae-kyong, general-grade officers and officers of the KPA, and commanders of the Army units.

KPA Supreme Commander Comrade Kim Chong-il warmly congratulated the officers and men of the People's Army who were greeting the New Year's Day. Comrade Kim Chong-il grasped the status of the combat training of the unit, expressed satisfaction with the

People's Army having grown and been strengthened to be one-a-match-for-a hundred revolutionary Armed Forces by thoroughly implementing our party's church-oriented military line. Then, he put forth an important task which is a guideline for strengthening and developing the People's Army into an invincible revolutionary Armed Forces.

Comrade Kim Chong-il then toured the unit's education room and a hospital room. Dropping in the education room, Comrade Kim Chong-il specifically verified the status of the ideological indoctrination work for the soldiers and put forth important tasks for firmly preparing the People's Army politically and ideologically.

Comrade Kim Chong-il then dropped in the unit's hospital room and verified the fighters' life in detail, and stressed to the commanders that the lives of the soldiers should be warmly looked after.

Comrade Kim Chong-il posed for the camera with the officers and men of the unit today. The soldiers of the unit were very grateful to the respected and beloved Supreme Commander Comrade Kim Chong-il for visiting the unit himself on the New Year's Day, warmly encouraging them, giving them a valuable teaching which is a guideline for strengthening the unit's combat capability, and bestowing love of kinship on them, and were firmly determined to thoroughly implement the militant task given by the comrade supreme commander.

#### **KCNA on KPA Unit Visit**

*OW0101133895 Pyongyang KCNA in English 1256  
GMT 1 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—The great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA], today visited the 214 Unit of the KPA and congratulated its officers and men on the hopeful new year's day. At 9:30 A.M., he, who has always guided our people and army along the road of victory and glory, arrived at the unit.

The moment, the servicemen enthusiastically welcomed him, shouting the slogan "Let Us Devotedly Fight for the Respected Supreme Commander General Kim Chong-il!"

Comrade Kim Chong-il was greeted at the unit by comrade Choe Kwang, vice-chairman of the DPRK National Defence Commission and chief of the General Staff of the KPA; KPA General Yi Pong-won, member of the party Central Military Commission; Colonel Generals Nam Sang-nak and Pak Chae-kyong and other generals and officers of the KPA and commanding officers of the unit.

Comrade Kim Chong-il warmly congratulated the officers and men of the unit on the new year's day.



He was briefed on the combat training of the unit and expressed satisfaction at the KPA which has strengthened to be each-a-match- for-a-hundred revolutionary armed forces by thoroughly implementing our party's chuche-based military line. And he set important tasks which would serve as the guideline in strengthening and developing the KPA to be ever-victorious revolutionary armed forces.

Then, he went round an education room and barracks of the unit.

In the education room he was acquainted himself with the ideological education for the soldiers and set important tasks to fully prepare the KPA politically and ideologically.

In barracks, he got first-hand knowledge of the life of servicemen and told the commanding officers to take a good care of their life.

Comrade Kim Chong-il had a picture taken with the officers and men of the unit.

The soldiers are now resolved to thoroughly fulfil the militant tasks set by comrade supreme commander, deeply moved by the fact that he visited their unit on the new year's day, powerfully inspired and encouraged them, gave precious teachings which would serve as the guideline in increasing the unit's combat power and showed a paternal love for them.

#### **Kang Song-san Attends New Year's Performance**

*SK3112130194 Pyongyang Korean Central  
Broadcasting Network in Korean 1057 GMT 31 Dec 94*

[FBIS Translated Excerpt] We are going to relay a live performance by students and children in Pyongyang to greet the new year, 1995.

This is the Students and Children's Palace at Mangyongdae, where the Pyongyang students and children's performance to greet the new year will be held in a couple of minutes. [passage omitted on description of surroundings]

Comrade Kang Song-san, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and premier of the Administration Council; Comrade Pak Song-chol and Comrade Kim Yong-chu, members of the Political Bureau of the WPK Central Committee and vice presidents; Vice President Kim Pyong-sik, chairman of the Korean Social Democratic Party Central Committee; cadres of the party and the government; responsible functionaries of political parties; and vice marshals of the Korean People's Army are approaching the rostrum. Comrade Yi In-mo, a perfect picture of faith and will, is also approaching the rostrum. [passage omitted on performance]

#### **KCNA Reports on Performance**

*SK0101141495 Pyongyang KCNA in English 1225  
GMT 1 Jan 95*

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA)—A new year performance was given by school

children in Pyongyang at the Mangyongdae School Children's Palace on December 31.

Seeing the performance were Kang Song-san, Politburo member of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Pak Song-chol and Kim Yong-chu, Politburo members of the WPK Central Committee and vice-presidents; Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party and vice-president; and other senior party and government officials.

Present there was Yi In-mo, a former war correspondent of the Korean People's Army, who is known as the incarnation of faith and will.

The members of delegations and home-visiting groups of the General Association of Korean Residents in Japan (Chongnyon) and other compatriots overseas staying in the socialist homeland and Yi Chong-sang, chief of the Pyongyang mission of the South Korean National Democratic Front, also appreciated the performance.

Foreign diplomatic envoys and embassy officials in Pyongyang were present on invitation.

The program included pieces of instrumental music, songs and dances.

In an excited tone the performers sang of the unshakable faith and will of the school children to hold in high esteem the respected leader Generalissimo Kim Il-song as the eternal leader of the Workers' Party of Korea and the Korean revolution, feeling intense yearning for him on the New Year's Day which has come round with the passage of days and months.

They gave a vivid representation of the happy life of the school children who are stoutly growing to be men of ample knowledge, high morality and strong body under the anthropocentric socialist system of our style, and the firm resolution of the younger generation to carry the revolutionary cause of chuche to accomplishment through generations, rallied ever closer around the great leader of our party and our people General Kim Chong-il.

Prior to the performance, the senior party and government officials congratulated school children who had distinguished themselves in their study and children's union activities.

#### **Kang Song-san Lays Wreath at Kim Il-song Statue**

*SK0101063595 Pyongyang Korean Central  
Broadcasting Network in Korean 0314 GMT 1 Jan 95*

[Wreath-laying ceremony held by cadres of the Workers' Party of Korea and the government, Korean People's Army soldiers, workers from various strata, youths, students, overseas compatriots, and foreign guests at Kim Il-song's statue on Mansudae Hill on the morning of 1 January—recorded]



[FBIS Translated Excerpts] [passage omitted] Laid before the statue of the respected and beloved leader Comrade Kim Il-song was a flower basket sent by the great leader [yongdoja] of our party and people, Comrade Kim Chong-il, chairman of the DPRK National Defense Committee and supreme commander of the Korean People's Army [KPA]. [passage omitted]

Present were Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and premier of the State Administration Council; Comrade Kim Yong-chu, member of the Political Bureau of the Central Committee of the WPK and vice president; Comrade Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party and vice president; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice premier of the State Administration Council, and foreign minister; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of General Staff of the KPA; Comrades Kye Ung-tae and Han Song-yong, members of the Political Bureau and secretaries of the WPK Central Committee; Comrade Kim Chol-man, candidate member of the Political Bureau of the WPK Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau and secretary of the WPK Central Committee; Comrades Choe Yong-nim and Hong Song-nam, candidate members of the Political Bureau of the WPK Central Committee and vice premiers of the State Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Paek Hak-nim, Kim Pong-yul, Kim Kwang-chin, and Kim Ik-hyon, vice marshals of the KPA; Comrades Kim Kuk-tae, Hwang Chang-yop, Kim Chung-nin, So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, Kim Yun-hyok, and Chang Chol, vice premiers of the State Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee; Comrade Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; and Mrs. Yu Mi-yong, chairman of the Central Committee of the Chondoist Chongu Party. [passage omitted]

#### **Kim Yong-sam's New Year Address Denounced**

SK0201124495 Pyongyang Korean Central  
Broadcasting Network in Korean 0950 GMT 2 Jan 95

[Commentary by Kim Ho-sam: "Ridiculous Gibberish by a Dying Person"]

[FBIS Translated Text] According to reports from South Korea, traitor Kim Yong-sam released a so-called New

Year's address yesterday. In the address, traitor Kim Yong-sam blared for a good while as if he would make some changes this year in domestic and foreign policies, as well as his policy on the North, mentioning so-called globalization, a local self-governing system, North-South cooperation, and so on.

However, people are spitting at him, scorning his remarks and behavior unbefitting his position. This is natural because the rascal's gibberish is extremely false and hypocritical [kudo kuroi kosi nomi choechin nok-turiga nomunado hohwanghago wisonjogigi ttaemunim-nida].

Summing up the utterance made by traitor Kim Yong-sam on the morning of the new year, in nature it can be regarded as a long-winded talk [changgwangsol] aimed at overcoming the crisis faced by the rascal, who is in great anxiety following the general ruin of his domestic, foreign, and North policies. In other words, it plainly shows a drowning man pawing in water to catch at a straw.

First, the so-called globalization he calls for is extremely false. Globalization, which the traitor is calling for, is an alternative of the internationalization that he called for late in the year before last. Everyone knows that, though the two are named differently, both globalization and internationalization are aimed at covering the nation-selling traitorous crime that he committed, yielding under the outside forces' pressure, and making South Korea an international monopolistic capital market.

The Kim Yong-sam ring, which pursues only power and their own welfare, not regarding the destiny of the country and the nation, created the wind of reform the beginning of last year, talking about the need to increase the country's international competitive strength and to internationalize the entire society. However, this only resulted in an intensified economic subordination.

In connection with the implementation of the Uruguay Round accord, the Kim Yong-sam ring hurried in ratifying the rice market opening bill at the National Assembly, and completely yielded under the outside forces' additional opening pressure, driving South Korean agriculture to a crisis of general ruin. Other economic sectors have fallen into the same situation.

Because of this action by the puppets, lots of foreign surplus agricultural and livestock products are flowing into South Korea, threatening the lifeline of the 6 million South Korean farmers. This is why the South Korean people, disillusioned by traitor Kim Yong-sam's cry for globalization, are scorning him not to even look at a tree that he cannot climb.

Under this situation, no matter how earnestly traitor Kim Yong-sam asks people to have expectations in him, mentioning globalization or something, no one believes him.



Next, traitor Kim Yong-sam said he would open an age of local self-government by undertaking clean and fair elections of heads of self-governing localities, but this is also hypocritical.

It is an open secret that traitor Kim Yong-sam occupied the post of civilian president by committing unprecedented irregularities. Lately, there has been another rumor in South Korea that Kim Yong-sam approved Samsung Heavy Industries' plan to produce Nissan automobiles after receiving an enormous bribe from the company. The master of such irregularities is saying that he will conduct clean and fair elections. This is indeed nonsense. If one says he will conduct clean and fair elections in South Korea, this is as foolish as an attempt to find a rose in a cesspool.

Traitor Kim Yong-sam's promise to open an age of local self-government is a trick to grasp power permanently by preparing his ruling bases, even in local areas, after winning people's favor with honeyed words.

Next, Kim Yong-sam talked as if he were interested in South-North reconciliation and cooperation. This is also nonsense. Who on earth has completely frozen North-South dialogue and driven the situation to a phase of confrontation? Who else, but the Kim Yong-sam ring, completely blocked North-South dialogue, which existed even in the previous military dictatorial regimes, and prevented organizations for North-South cooperation and exchanges, which had already been inaugurated, from operating?

Such a man dares to talk about reconciliation and cooperation, raising an outcry over us. This is an instance of evil-doer's audacity [chokpan hajangui ondong].

Today, all the Korean people in the North, the South, and overseas do not want to associate [sangjong] with traitor Kim Yong-sam, an immoral and depraved man worse than an animal. Who wants to reconcile with the hateful man?

In short, traitor Kim Yong-sam's New Year's gibberish is clear evidence that again plainly reveals his flunky, antinational, antireunification, and divisionist nature to the entire world. This man ought to step down from power. The only place that traitor Kim Yong-sam should go is a tomb.

#### **NODONG SINMUN Criticizes Address**

SK0301045995 *Pyongyang KCNA in English 0446*  
GMT 3 Jan 95

["NODONG SINMUN on Kim Yong-sam's New Year Address"—KCNA headline]

[FBIS Transcribed Text] *Pyongyang, January 3 (KCNA)*—The traitor Kim Yong-sam of South Korea in a new year address over television January 1 blared that

in the new year he would push ahead with the "globalization plan," open "an era of local autonomy" through "elections of local autonomous body chiefs" and usher in "a new age of North-South reconciliation and cooperation."

NODONG SINMUN today brands this as another trick to survive the serious governmental crisis caused by the total failure of the "reform policy" and the "policy toward the North and foreign policy" of South Korea, get rid of the sorry plight and prop up his power.

The news analyst says:

By "globalization," Kim Yong-sam meant that he would fling the door wide open to the greedy outside forces, make everything, politics, the economy and culture, more dependent on outside forces, reduce people to sycophants bereft of national dignity and independence and prolong his remaining days under the patronage of outside forces by selling off the interests of the country and the nation.

Although Kim Yong-sam talked about "fair elections" and "era of local autonomy," it was a ruse to conceal his criminal intention to leave no stone unturned in a bid to prolong his "government" and remain "long in power."

The traitor paid lip service to North-South cooperation and exchange, but his ulterior intention was to pursue confrontation and war more persistently behind the smokescreen.

We cannot but ask him where he has got the face to talk about "exchange and cooperation" after bringing dialogue, exchange and cooperation to a rupture while seeking division, confrontation and war.

Kim Yong-sam's new year address has brought into bolder relief his true color as a flunkeyist traitor, fascist dictator, separatist and war-maniac.

#### **Hanminjon Denounces ROK's Cabinet Reshuffle**

SK3112044294 *Pyongyang KCNA in English 0436*  
GMT 31 Dec 94

[FBIS Transcribed Text] *Pyongyang, December 31 (KCNA)*—The spokesman for the South Korean National Democratic Front (Hanminjon) released a statement on December 24 denouncing the Kim Yong-sam group for trying to fool the South Korean people through a "cabinet reshuffle", Seoul-based radio Voice of National Salvation reported.

The latest "cabinet shake-up" is a crafty trick to shove off the responsibility for the "reforms policy" facing a debacle to his underling and make a breakthrough in tiding over the political crisis and a political drama aimed at embellishing the "civilian" dictatorship and maintaining power, the spokesman said, and continued:

The Kim Yong-sam regime "appointed" to the posts of "ministers" remnants of the "Fifth and Sixth Republics"



who had been indulged in all manner of irregularities. This clearly shows that the Kim Yong-sam regime has wholly thrown away the "civilian" veil, openly joined hands with the forces of the "Fifth and Sixth Republics" and set to open fascistization and aggravation of North-South confrontation.

Such an act of the traitor Kim Yong-sam is a malicious challenge to our people who are advancing toward the goal of independence, democracy and reunification after waging a bloody struggle against the military rule.

He can never save himself from the wretched lot of a wrecked boat even though he replaced old pieces of boards, failing to look at the torrential flow of our people for overthrowing the dependent and fascist "civilian" dictatorship and establish an independent and democratic government.

Our people will invigorate the struggle for independence, democracy and reunification and set up a new government, independent and democratic, after toppling the truculent "civilian" dictatorship.

#### **Kim Yong-sam's Globalization Plan Denounced**

*SK3112101094 Pyongyang Radio Pyongyang in Korean to South Korea 1250 GMT 30 Dec 94*

[Commentary by Yun Pyong-son: "The Globalization Gibberish by an Ignorant Man"]

[FBIS Translated Text] According to a report, traitor Kim Yong-sam had a so-called informal session with the reporters assigned to the Chongwadae [presidential offices] on 28 December. There he raved that while internationalization is a concept between states in the economic aspect, globalization is a larger concept comprising the concept between enterprises, civilians, and regions in all sectors—political, economic, social, cultural, art, and sports.

Listening to what he says, no one can understand what internationalization or globalization means. What he says is really absurd and stupid. In fact, traitor Kim Yong-sam all of a sudden mentioned globalization without establishing a convincing concept.

Therefore, people in South Korea questioned what is the difference between internationalization and globalization. They were in confusion unable to distinguish between internationalization and globalization. That is why he gave such a foolish explanation of its concept. An utterly ignorant man without clear political philosophy or theory, traitor Kim Yong-sam is unable to do anything more than that.

Then, why did traitor Kim Yong-sam make such a boorish statement without establishing a theoretical concept? This has something to do with the general failure of the reform policy he put forth which led him to serious isolation at home and abroad and a greatest crisis.

As everyone knows, traitor Kim Yong-sam has persistently raved about reform and change since he came to power, but nothing has changed in South Korea, except continuing political unrest and disorder, the economic failure leading the people's livelihood to the worst condition, the spread of major accidents, the thriving of social evils, such as corruption, embezzlement, and murder, incurring people's rising grudge.

The South Korean people are determined to not tolerate the Kim Yong-sam ring which turned South Korea into a place of fascist rampage worse than the past time of military dictatorship and into a horrible hell in which people can hardly live.

Kim Yong-sam, driven into a blind alley of crisis like this, advertised globalization in order to tide over the crisis in his rule and to calm down the angry people's hostile feelings. The globalization which traitor Kim Yong-sam raves about is nothing but a traitorous slogan aimed at opening the door more widely to foreign forces to sell the country's and national interests, to further subjugate overall fields of society—political, economic, and cultural—to obliterate national dignity and independence, and to make the people plagued in dependence on foreign forces.

There is not the slightest feelings of patriotism there. If markets are opened totally under the pretext of globalization in South Korea, where foreign capital and decadent foreign culture are rushing in because of the puppets' flunkeyist treacherous acts, one can well imagine the magnitude of its consequences.

One knows this well from the reality witnessed in South Korea these days. Under the pretext of preparing for globalization, the puppets staged a farce of cabinet reshuffle and reorganization, leading South Korea into serious confusion. Some 1,000 government officials lost their jobs. Others are nervous not knowing where they should move their desks.

If the puppets adjust the posts of the lower level government officials, some 10,000 will lose their jobs. The so-called globalization torments so many people, depriving them of jobs. One can hardly imagine how great its catastrophic consequences will be.

The globalization which the Kim Yong-sam ring is committed to is just this. After all, the globalization is a deceptive trick aimed at justifying the traitorous acts.

If nothing is done to the flunkeyist national traitor Kim Yong-sam, the South Korean people are destined to suffer the fate of colonial slaves even worse than now. One can hold no expectations of the globalization raved about by traitor Kim Yong-sam.

For the South Korean people to survive, they should realize independence rather than globalization. The Kim Yong-sam ring should not deceive and mock the people with a cheap trick but step down from power as the South Korean people consistently demand.



## South Korea

### President Kim Gives New Year's Message 1 Jan

SK3112003194 Seoul YONHAP in English 0023 GMT  
31 Dec 94

[FBIS Transcribed Text] Seoul, Jan. 1 (YONHAP)—President Kim Yong-sam, in his New Year's message Sunday, called on South Koreans to take part in globalization efforts so their country can become a prominent world power.

"The globalization we are seeking should be participated in by the government and citizens, the capital and provinces, and people from all walks of life," the chief executive said.

Noting that his administration has drastically revamped the central government structure to achieve globalization, the president stressed that "globalization is the sole way for the nation to expand to the world and stand in the middle of the world."

"Should we fall back by a step in the current competition in the world, our posterity might lag behind others by a decade or even a century," he warned.

The head of state also asked that the forthcoming local elections be conducted in a clean and fair manner. "There can be no globalization without localization, neither can globalization be achieved without an election revolution," he said.

Referring to unification, the president said, "The tragedy of distrust and confrontation between the same nation must be ended. Keeping pace with the world current, the South and North should open a new era of reconciliation and cooperation."

### SEOUL SINMUN Reports Address

SK0101095595 Seoul SEOUL SINMUN in Korean 1  
Jan 95 pp 1, 2

[New Year's address by ROK President Kim Yong-sam, place not given]

[FBIS Translated Text] My dear 70 million fellow countrymen:

The New Year, the year of hope, has dawned. May your homes overflow with joy and happiness and all your hopes come true.

I wish to share with all the people the belief that this will be a rewarding year and one of great development for the country as well. I also wish that the compatriots in North Korea will be visited by hopes for life with freedom befitting man.

My dear fellow countrymen:

With the 21st century just around the corner, a new order is unfolding in the world. With the New Year, the

World Trade Organization (WTO) system is launched. We are in an era when keen infinite competition is waged between states and regions.

We are in a situation where we have to pioneer our future in the world. This is why we made a decision on globalization and made a new start reorganizing the government into "a smaller but stronger government."

Globalization is the only way for our nation to reach out to the world and stand in the center of the world. We cannot afford to hesitate any longer. If we are left one step behind in this competition today, we may fall 10 years or 100 years behind in the times of our children.

In this new year, not only the government but all the people must push ahead with full-fledged globalization. This year, the era of local autonomy will open wide to us. The residents of each region will be their own masters and can fully develop their autonomy and creativity. To this end, our primary task is to make the upcoming local elections the cleanest and fairest elections in our history.

Globalization is impossible without localization, and globalization is impossible without an election revolution. Let us all make the year 1995 "the first year of globalization."

My dear fellow countrymen at home and abroad! This year is a meaningful year when "the 50th anniversary of national liberation" will be marked. We have realized democratization and modernization in spite of great hardships. Now it is time for us to step forward audaciously to realize unfulfilled dreams and greater goals.

It is regrettable that we have not yet overcome our tragic fate until now when as many as 50 years have passed since the country was divided. As we achieved democracy and prosperity in the ruined land, we should achieve national reunification, our long-cherished desire, without fail, by ensuring substantiality and increasing our strength.

We should put an end to the tragedy of distrust and confrontation between fellow countrymen. The South and the North should open a new age of reconciliation and cooperation in conformity with the trend of world history.

My dear fellow countrymen!

In this morning of another new year close to the end of the 20th century, I think about the zeal for "civilization" that our ancestors harbored in their hearts in the late last century.

Unfortunately, the intent to change history was cherished merely by a small number of trendsetters, and the nation that failed to be united as one only faced the sorrow of losing the country.

The "globalization" we are going to pursue should not be the goal of only some people or something that fails to attract all the people's attention. Globalization should be



the spirit and movement of participation and should be led by all the people—the government, the people, central and local organizations, and all social circles. It should also be the spirit and movement of unity, in which all the people are united in one and unite their strength, regardless of class, locality, political faction, or generation gap.

On this New Year's morning, let us all freshen our resolution for "participation and unity" and run together to the world and to the future.

I myself will also devote all I have to the creation of a new ROK, with the same passion and determination that I harbored when I assumed office. By doing so, let us make 1995 a year that opens a "real liberation age" in which the country's advancement and prosperity and the nation's reunification and honor will be hastened.

#### **Defense Minister Yi Delivers New Year's Address**

*SK0101131195 Seoul KBS-1 Radio Network in Korean  
0815 GMT 1 Jan 95*

[New Year's address by ROK Defense Minister Yi Yang-u; from the "With ROK Army Officers and Men" program]

[FBIS Translated Text] Dear ROK Army officers and men, civilian attaches, and local reserve troops!

On the morning of this hopeful new year, I pray for your health and victory, for the development of your own units, and for the supreme happiness of your families.

First, I wholeheartedly console the efforts of you who faithfully fulfilled your duty to defend the country for the past year and are also devoting yourselves to fulfilling the duty of national defense at this moment.

This year is particularly meaningful to us because last year we rounded off our battle lines for a brighter future of the military, and this year we will vigorously advance toward our goal, based on the foundation.

The goal we aspire to is to prevent war and to achieve victory in an emergency. To this end, we have to establish a firm military discipline, promote unity, and elevate morale, as well as pursue the globalization of national defense, ensuring substantiality in all fields.

We should first thoroughly prepare our combat readiness to cope immediately with any situation [urinun monjo otton sataedo chukkak taechohalsu innun chontu chongung taeserul wanbihaeya hagessumnida].

Although peace becomes fixed in the global village today, tensions and conflict on the Korean peninsula are being aggravated due to North Korea's abnormal behavior [pijongsangjogin haengtae]. In particular, while talking big that it would make this year the first year of reunification by communizing by force and realizing

socialism in South Korea, North Korea is engaged in large-scale military reinforcement, despite its economic ruin.

Accordingly, we should actively cope with this threat posed by North Korea. To this end, we should escalate our capability of coping with North Korea's provocation and crisis, develop preparedness measures to conduct peacetime operational control, and strengthen intensified education and training for high-level actual combat ability, as well as maximize the existing war capacity by improving the capability of ROK-U.S. joint operations, so that we can assume complete preparedness to cope immediately with any situation at any time.

At the same time, we should also promote lofty morale, strict military discipline, and firm unity. When we maintain exalted morale, strict discipline, and firm unity in the best state, we can achieve our goal most effectively. Morale, unity, and discipline are not achieved automatically, but can be achieved only when officers and men in all military circles make efforts to take initiative in everything, to sacrifice themselves, and to understand and trust others. I ask you to be aware of this and to actively practice this.

We should also have advanced consciousness toward the world. Let us bravely change our consciousness first. The sublime attitude of being proud of the soldiers' road, along which you are walking, and of trying to do your best in doing your own duties is the most important factor of the successful accomplishment of the duty of national defense.

We should bravely break from standstill and inflexibility and should not be afraid of change. In particular, we should not avoid our increased duties following changes, self-sacrifice, and devotion, should firmly be armed with activeness, creativity, and the spirit of valuing public interests—placing fellow soldiers and one's unit—and should adhere to a reasonable and scientific way of thinking. By doing so, we should faithfully fulfill our duty to defend the country.

Last, we should firmly ensure substantiality in all fields. We should completely expel the formality, extravagance, easiness, and excessive internal competition that deter the insurance of substantiality, so that we can maximize our productivity and efficiency. While doing so, we should do our best to raise strong picked troops.

Dear Army officers and men who are walking together along the road of security!

I firmly believe that this year will bring many achievements to us. This year also, our people expect the Army will firmly defend the country and will become the footstone of peaceful reunification. Let us all firmly unite ourselves, establish a strict discipline, maintain lofty morale, and make our consciousness and behaviors advanced. By doing so, let us gather all our wisdom and strength to run up the ROK Army that can meet the people's expectation.



On this New Year's Day, I pray for development of your own units, your health and victory, and all blessings on your families.

[Dated] The morning of New Year's Day 1995  
[Signed] Yi Yang-u, minister of national defense.

### **Seoul Opposes U.S.-North Talks on South POW's**

SK3112050394 Seoul YONHAP in English 0453 GMT  
31 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 31 (YONHAP)—The government decided Saturday to urge the United States through diplomatic channels to declare that the repatriation to North Korea of pro-Pyongyang long-term prisoners held in the South is solely a South Korean issue that does not involve Washington.

The government came up with the move at a high-level Foreign Ministry meeting chaired by Minister Kong No-myong.

The ministry evaluated as proper U.S. Deputy Assistant Secretary of State Thomas Hubbard's remark that sending back these prisoners is an internal issue of South Korea.

Hubbard made the comment to North Korean authorities when he was in Pyongyang to negotiate the release of a U.S. airman whose helicopter strayed into North Korean territory and was downed on Dec. 17.

However, the ministry decided that Hubbard's conveying of the North Korean position on the prisoner issue to South Korea will only cause unnecessary misunderstanding.

Foreign Ministry spokesman Chang Ki-ho issued a commentary, saying that these prisoners have violated domestic laws and were sentenced through due legal process.

"It is strictly an internal matter that has to be dealt with by our Constitution and within our sovereignty," said the commentary.

North Korea raised the issue with the United States and sought Washington's influence "to inflate the status of U.S.-North Korea relations and to split up Seoul and Washington," the spokesman said.

South Korea and the United States will mobilize all means to stave off North Korea's intention to damage Seoul-Washington relations and to draw the United States into political negotiations with Pyongyang, he said.

### **Official Views DPRK New Year's Editorial**

SK0101135095 Seoul KBS-1 Radio Network in Korean  
1200 GMT 1 Jan 95

[FBIS Translated Text] North Korea broadcasted a 33-minute New Year's address in the form of a joint

editorial at 0900 this morning. The release of the joint editorial as the New Year's address, instead of an address on behalf of Kim Chong-il, is analyzed to indicate that North Korea's power structure has not yet been built completely enough for Kim Chong-il to show up officially and directly deliver a New Year's address. This also backs the view that Kim Chong-il has health problems.

A government official explained today: Because it is a joint editorial, North Korea's New Year's address can be regarded as North Korea's coordinated position [chong-nidoen ipchang]. It seems, however, that the center of North Korea's power and the direction of its policy have not yet been settled because the New Year's address was a repetition of North Korea's previous theoretical view, without anything new.

This official continued: The prospects of Kim Chong-il's power succession do not appear to have been hampered even though North Korea released the New Year's address in the form of a joint editorial, deviating from the previous practice of Kim Il-song himself delivering New Year's addresses. This, however, possibly is related to Kim Chong-il's health problems.

This official also stated: In light of the fact that North Korea has continuously assumed a position of confrontation with the South while stressing self-reliance, the resumption of South-North dialogue is likely to remain unclear for the time being.

After releasing the New Year's address in the form of a joint editorial today, North Korea broadcasted Kim Il-song's recorded voice delivering last New Year's 27-minute address. Prior to this, North Korea repeated an advance notice of an important announcement eight times within an hour. North Korea is establishing a precedent of releasing important announcements after giving advance notices.

### **Kim Chong-il's Visit to Military Unit Discussed**

SK0201065795 Seoul YONHAP in English 0637 GMT 2  
Jan 95

[FBIS Transcribed Text] Seoul [no date as received] (YONHAP)—North Korean leader Kim Chong-il made a public appearance for the first time since last Nov. 1, by visiting a military unit near Pyongyang, confirming that he doesn't have a serious health problems.

Kim has also been reported to have exchanged the New Year's greeting cards with such Communist leaders as Chinese President Jiang Zemin, Cuban leader Castro, and Norodom Sihanouk of Cambodia—together with some 30 top leaders of their respective countries, reconfirming that he is the top leader in North Korea.

These events, for the time being, have put to rest recurring rumors on his health and succession to positions his late father Kim Il-song left vacant as president and party secretary-general (of Workers' Party of North Korea).



North Korea's central radio broadcasting announced that Kim visited the 214 unit at 9:30 AM [0030 GMT] Jan. 1 and issued an important order for strengthened military capabilities, and personally inspected key facilities in the unit.

The military unit has been known to be a missile unit located some 60 km south of Pyongyang near Sariwon city in North Korea.

North Korean media played up the fact that Kim has had a photo session with the unit's members, which is being taken as an action on their part to preclude any possible rumors surrounding the visit.

The fact that he chose the missile unit could have been prompted by the Dec. 17 shoot down of a U.S. helicopter that strayed into North Korea, but it can safely be speculated that it was to boost the morale of the armed forces as its top commander, he being head of the National Defense Committee of the North Korean Workers' Party.

The visit also was speculated to have intended to calm down any uneasy feelings stemming from the fact that he neither hasn't issued the New Year's message and nor attended an official year-end special performance on Dec. 31. There also is a possibility that he traveled relatively a long distance to visit to show that his health was good enough to allow him to drive that long a distance.

In the meantime, Kim exchanged the New Year's greeting cards with so many heads of state to reconfirm his position as heir to his late father's.

Last July, Kim sent the message on Kim Il-song's death to foreign leaders in his name, which confirmed his position as new top leader in North Korea, and the exchange of greeting cards for the New Year with the leaders reconfirmed that new position.

Kim has not officially assumed the powerful positions left vacant by his late father, but he has apparently been running North Korea at the top of its power structure.

Kim apparently has been biding time to take over the positions at an appropriate time, which would still depend on several factors—his health and the unfinished work of his late father, among other things.

Kim did not issue his New Year's message, reissuing his late father's for 1994, which indicates his intention, either voluntary or forced, to prolong Kim Il-song's era as long as he can, and that Kim Chong-il's era will be put off that much longer.

#### **North's Kim Said Absent From 31 Dec Program**

*SK0101030095 Seoul YONHAP in English 0254 GMT 1 Jan 95*

[FBIS Transcribed Text] Seoul, Jan. 1 (YONHAP)—Kim Chong-il, the de facto top leader of North Korea, did not show up at an official New Year's day eve ceremony in Pyongyang Saturday [31 December] evening.

This means Kim Chong-il has not made any public appearance for two months since he inspected the Chongnyu Bridge in Pyongyang on last Nov. 1.

According to the NAEWOE Press, the New Year's day eve program took place at the Mangyongdae Student-Children's Palace in Pyongyang beginning 8 PM [1100 GMT] Saturday.

The event, covered live by both Pyongyang and central televisions, was attended by top-level officials of the party, administration and the People's Army, including Premier Kang Song-san and Vice Presidents Pak Song-chol, Kim Yong-chu and Kim Pyong-sik.

People's Armed Forces Minister O Chin-u, known suffering from a cancerous disease, failed to attend it either, NAEWOE said.

Kim Il-song, who died last July, used to attend the annual New Year's day eve ceremony without any exception.



## Burma

### Resistance Group Issues New Year's Message

BK0201085795 Bangkok *THE SUNDAY POST* in English 1 Jan 95 p 18

["New year's message on behalf of the Burma resistance" from Myint Thein; place, date not given—passages within slantlines published in boldface]

[FBIS Transcribed Text] Vultures with business interests in Burma are circulating the ill-conceived theory that the greed of foreign investors will solve Burma's political problems and promote freedom, democracy and economic development in Burma.

Economic development can lead to political reform. There are many examples in Asia. But Burma is an exception. Foreign investment in the rest of Asia led to the creation of a large middle class which facilitated political reform. In Burma Slorc [State Law and Order Restoration Council] is destroying the middle class.

Slorc has used Burma's natural resources and hard currency earnings from foreign investors to buy arms. Over fifty per cent of Burma's budget is allocated for military expenditures. The large budget deficit used to finance the Burma Army created hyper-inflation which is destroying the middle class in Burma.

University professors and government officials used to constitute Burma's middle class. Hyper-inflation has made them join the ranks of the poor. The rich are getting richer and the poor getting poorer due to Slorc's economic miracle.

This is not the Asian formula for economic development and political reform. It is a classic formula for a revolution.

Countries with the best managed economies in Asian have the lowest military expenditures. Less than five per cent of Japan's budget is allocated for military expenditures. Hong Kong does not have an Army.

The self appointed generals in Burma do not realize that promiscuous military expenditures is the biggest obstacle to economic development and political reform in Burma.

Burma desperately needs a political settlement. But Burma remains divided because Slorc still uses the 40-year-old bankrupt policy of a military solution to Burma's political problems.

**LACK OF INFRASTRUCTURE:** Recently one of my friends went back to Burma to visit his parents. His initial impression was that Slorc had done a good job of window-dressing. There are new or roads and parks. [sentence as published] The buildings have been painted. And Rangoon has many new cars. But reality set in when he visited the airline agent to make travel reservations.

He was shocked when the travel agent told him they could not send a fax to Bangkok because they had no electricity. It was a complete culture shock to him when he was told that the office in central downtown Rangoon had electricity in the mornings three times a week. On the other three working days they had electricity in the afternoons.

A visitor from Burma confirmed the story. Rangoon has planned "black-outs" because of the power shortage. But this visitor lived close to a community of senior military officers (and on the same electrical grid) and they have electricity 24 hours a day.

Electricity is a scarce commodity in Rangoon. Sooner or later investors building hotels in Rangoon will have to face this reality. Without a reliable source of electricity, the elevators in the hotels won't work. And if Slorc shuts off electricity of Rangoon residents to service the hotels, it will generate significant negative goodwill and may sow the seeds of a revolution.

Infrastructure investments in third world countries is generally financed by World Bank or Asian Development Bank type loans. The Slorc generals simply don't understand that you cannot develop the country without an adequate infrastructure. And you cannot get funding for infrastructure projects without significant political reform.

**HYPER-INFLATION IMPACT:** A Burma Army colonel sent his two children to America to attend college. His sister told me that the colonel earned two thousand kyats per month. But his two sons each earned ten thousand kyats per month selling noodles.

His two sons did not understand the need for an education since they were making more money than their educated father. This colonel is a good, decent individual. He understands what Slorc is doing to Burma. Slorc has destroyed Burmese education with Burma's version of the Chinese "The Great Leap Forward".

Hyper-inflation is destroying Burmese morality and values. Sooner or later officers like him will break ranks with Slorc and do their duty to the country. If nothing is done, Burma will end up as a nation of bell-boys, clerks and prostitutes working for hotels owned by Chinese investors.

**RELATIONS WITH THAILAND:** We can understand Thailand's reluctance to accommodate a large number of Burmese refugees. But there is a significant difference between Burmese and Cambodian refugees. Thailand is not responsible for creating Cambodian refugees.

But Thailand is responsible for the Burmese refugee situation in Thailand. Thailand provided a financial life-line to Slorc when it was on the verge of collapse in 1988.

Thailand has a long border with Burma and needs to delicately handle relations with its historic enemy. We



are pleased to see strong signs of a "kinder and gentler" Burmese refugee policy by Prime Minister Chuan Lik-phai and Foreign Minister Thaksin Chinnawat.

The Burmese must solve Burma's problems and Thai neutrality in internal Burmese matters will be greatly appreciated by the Burmese Resistance. We simply ask for compassion and decency in the treatment of Burmese refugees. And we will ask the Burmese refugees to respect Thai hospitality by obeying local customs and laws.

**CONCLUSION:** The greed of foreign investors is not going to solve Burma's political problems or promote freedom, democracy and economic development in Burma. Joint ventures between affiliates of the Burma Army and foreign investors is leading Burma towards fascism.

Burma is divided because Slorc is incapable of genuine political and economic reforms. Burma's future depends on an equitable political settlement between Slorc, Aung San Suu Kyi and the ethnic leaders. There is no other way to facilitate and expedite freedom, democracy and economic development in Burma.

**AND FROM:** Myint, Ba Thaung and all of us from the United Front for Democracy and Human Right in Burma.

**TO:** All freedom fighters inside Burma and abroad.

Wishing you the finest  
And the best of holidays  
The kind  
That bring you happiness  
In many special ways  
And hoping that the coming year  
Will surely bring you  
Added joy and happiness  
In Everything you do  
May the New Year Bring Us  
Peace, Freedom, Democracy,  
Human Rights  
And Unity for all the Peoples  
of Burm

#### **NCGUB's Sein Win on Suu Kyi, SLORC Talks**

*BK3112110794 Oslo Democratic Voice of Burma in  
Burmese 1430 GMT 30 Dec 94*

[Telephone interview with Dr. Sein Win, prime minister of the National Coalition Government of the Union of Burma, NCGUB, by unidentified Democratic Voice of Burma correspondent; place and date not given—recorded]

[FBIS Translated Text] [Radio DVOB] Prime Minister Dr. Sein Win, nowadays stories are emerging that Daw Aung San Suu Kyi will be released, and the SLORC [State Law and Order Restoration Council] and Daw

Aung San Suu Kyi will hold another meeting for the third time in the near future. What is your view on these matters?

[Win] We are also looking into these matters. We believe that the release of Daw Aung San Suu Kyi should not be based on a personal reason. She must have the right to engage freely in politics and she also must have the right to communicate freely with news agencies, media [preceding word rendered in English], and with her comrades. This is our view.

[Radio DVOB] So far Daw Aung San Suu Kyi and the SLORC have met twice, but there were no reports on what they discussed and on the outcome of the meetings. What is your view on this matter?

[Win] There is still no outcome of the meetings and we are not surprised about it, because a solution cannot be found in one or two meetings. We understand that, to a certain extent, these meetings have to be confidential [preceding word in English]. We fully trust Daw Aung San Suu Kyi. We also understand that Daw Aung San Suu Kyi, with great magnanimity, held meetings with the SLORC without any preconditions, but we feel that these meetings were unjust and view them as meetings between a captive and the captors.

[Radio DVOB] Yes. Mr. Prime Minister, if possible, could you elaborate more on what you have mentioned just now?

[Win] Our view is that Daw Aung San Suu Kyi and the SLORC can hold meetings on either a one-to-one basis or a one-to-many basis. But the SLORC have advisers and these advisers can meet and hold discussions before and after the meeting with Daw Aung San Suu Kyi while Daw Aung San Suu Kyi has no such privilege. The advisers have access to news agencies and media while Daw Aung San Suu Kyi has none. This is what we are talking about.

[Radio DVOB] As far as we know, no details about the previous meetings between the SLORC and Daw Aung San Suu Kyi were released because the meetings were considered confidential. Don't you think the role of the media was ignored?

[Win] We understand about the confidentiality of the meetings, but the SLORC was heavily engaged in misquotations [preceding word rendered in English] and there were many rumors. Daw Aung San Suu Kyi should have a right to explain her stance and the situation at the meetings. The SLORC is a military clique and it does not care about and respect public opinion [preceding word rendered in English]. It is different in a democratic system. Even certain news has to be announced during the war. That is why we feel that the media still has an important role and its role should not be ignored.

[Radio DVOB] Mr. Prime Minister, are you saying that Daw Aung San Suu Kyi must have access to news agencies and the right to hold discussions with her advisers and comrades?



[Win] This is what we are referring to. To a certain extent, we can accept news blackouts and the advantages taken by the SLORC. We cannot accept any of these if it goes beyond the limit, and we believe that Daw Aung San Suu Kyi also will not accept them.

[Radio DVOB] The Democratic Voice of Burma would like to thank Dr. Sein Win, prime minister of the National Coalition Government of the Union of Burma, for the interview.

### **Student, KNU Units Attack SLORC Troops**

*BK0201075795 Oslo Democratic Voice of Burma in Burmese 1430 GMT 1 Jan 95*

[FBIS Translated Text] Reporter Ko Ba Maung Tin of the Democratic Voice of Burma [DVOB] sent the following report to the DVOB on the ongoing fighting in the border area.

It has been learned from the student defense services sources that there was a clash between a combined column of a student defense services unit and the KNU [Karen National Union] unit, and the SLORC [State Law and Order Restoration Council] troops at about 2000 on 30 December 1994. About 70 SLORC troops of the No. 1 column of the No. 434 Light Infantry Division [LID] led by Lieutenant Colonel Tin Maung Aye were engaged in the fighting. The fighting which took place at 12-mile camp [se namaing sakan daunk] on a road leading to Daunggin area from Papun and lasted about 40 minutes. During the clash, one SLORC soldier was captured alive by the student defense services. These SLORC troops were involved in the Daunggin offensives and the first to come and contact their units still on the Ale-yo hill. The exact number of casualties on the SLORC side is not yet known. It has been learned that there were no casualties on the student defense services side.

A similar clash also took place on 25 December. It has been learned that a special unit of the student defense services attacked the Papun-based Tactical Operations Command of the No. 434 LID and the No. 19 LID headquarters.

## **Brunei, Malaysia & Singapore**

### **Malaysia**

### **Mahathir Meets With Visiting Cambodian Copremiers**

*BK0301104695 Phnom Penh AKP in English 1000 GMT 3 Jan 95*

[FBIS Transcribed Text] Phnom Penh AKP January 3—Cambodian First and Second Prime Ministers Prince Norodom Ranariddh and Samdech Hun Sen who were on a brief visit yesterday to Kuala Lumpur, Malaysia, was received by their Malaysian Counterpart Dr. Mahathir Mohamed.

During a half-an-hour discussion the two co-prime ministers informed Mahathir of developments recorded by the Royal Government over the past one year.

They said mass defection by Khmer Rouge guerrillas had been the great success for Cambodia, responding to the government's policy of reconciliation and the strategy of rural development.

Another success for Cambodia, they said, was the foreign investment in Cambodia which had amounted to US \$2 billion. "It's a very positive record," Prince Ranariddh told Mahathir.

Cambodian co-prime ministers also informed their host that the Royal Government would appoint a permanent ambassador of Cambodia to Malaysia and would provide a piece of land to the Malaysian Government to set up its embassy in Phnom Penh.

They also appreciated Malaysian efforts in wiping out communist guerrillas by carrying out the policy of rural development.

"Malaysia is quite successful in rural development and we should benefit from Malaysian experience in dealing with communist insurgency," Prince Ranariddh said, asking Malaysia to provide training in rural development to Cambodian people.

Cambodian leaders also asked Malaysia to help train Cambodian Foreign Ministry personnel in preparation for Cambodia to join ASEAN. "It's very necessary that people will be trained to be able to respond to the need of the Royal Government of Cambodia to be a member of ASEAN because we have to have many specialists in the framework of Foreign Ministry," first prime minister said.

Mahathir Mohamed agreed with the two proposals made by Cambodian prime ministers and welcomed the success of the Royal Government in the dealing with the Khmer Rouge problems.

He expressed his hope that Cambodia would settle the Khmer Rouge problem very soon. He said Malaysia took from 1948 to 1990 to finish the communist insurgency by using rural development as the most effective weapon.

He also pledged to provide a piece of land to Cambodia to set up its embassy in Kuala Lumpur and praised Cambodia's investment law.

### **WTO Urged To Avoid Trade, Environment Link**

*BK0301103395 Kuala Lumpur Voice of Malaysia in English 0810 GMT 3 Jan 95*

[Station commentary]

[FBIS Transcribed Text] With the new World Trade Organization, WTO, coming into effect yesterday, the issue of trade and environment will be near the top of its agenda.



Indeed, some countries have stated that with the end of the Uruguay Round, the next phase in world trade negotiation should be the green round.

At first glance, it might appear that policy makers are concerned about reforming trade to make it more environmentally friendly. But there are strong doubts whether the WTO is the appropriate venue to sort out the issue. The reason is simple as the WTO, like the General Agreement on Tariffs and Trade, GATT, is likely to be controlled by a few Northern countries.

There is a danger. They may use the organization to define how the trade and environment issues should be handled. In the process, there is tendency to shift the cost and judgment away from themselves to the weaker Third World countries.

It is the increasing concern of many environmental groups about the adverse environmental effects of trade. As such, there was intense interest to finding international mechanism to discuss and resolve trade and environment issues. But what is worrying is that the preparatory committee of the WTO has adopted a work program on trade and environment. This obvious last smack of linking trade with environment is much to the deterrent of developing nations.

The WTO has no jurisdiction to handle such an issue. Moreover, toward the closing phase of the Uruguay Round of discussions, negotiations were dominated by a few major countries. The majority of the countries have to accept the decisions and deals arrived at by these few. There is an imbalance development. It will most likely legitimize trade weapons which the North can use against South and the weak.

Weaker economies might be unfairly subjected to undertake a disproportionately large share of the adjustment burden to safeguard environment under the threat of the trade penalty and sanctions. There is also the danger of extending the effect to new concepts, activities and areas under the control of WTO. This would bring issues under national jurisdiction into international control. For instance, the issue on intellectual property rights was brought before GATT by calling it trade-related. The motive was clear. It was not to liberalize trade but to protect the monopoly control of the giant transnational companies over technology. This was done at the expense of South countries. Trade weapons used the name of protecting the environment would only reduce the competitiveness of products and services of developing countries. It is thus, inadvisable to give the WTO more power as an agency that links trade to environmental standards.

Different countries have different natural resource endowment, varying levels of pollution and capacities and development. Therefore, the idea of uniform approach to solving the environmental problems through an international trade agency is misplaced. They should be resisted if the WTO is to play its role fairly and for the good of all.

### **Mahathir Delivers 1995 New Year Message**

*BK3112150794 Kuala Lumpur RTM Television  
Network 1 in Malay 1233 GMT 31 Dec 94*

[New Year speech by Malaysian Prime Minister Dr. Mahathir Mohamed; place not given—recorded]

[FBIS Translated Excerpt] Peace be upon you! Ladies and gentlemen! We are grateful that 1994 has passed without any major disasters affecting our country of Malaysia. It is true that in 1994, people began to realize the dangers of the lepak and bohsia [teenagers loafing and indulging in immoral activities] culture and the continued dadah [drug] problem, but in general, Malaysia continues to thrive, make progress, and record a 8 percent economic growth. We Malaysians from all ethnic backgrounds should be grateful because of our good luck. However, we must not ignore the problems I cited earlier. The government and people from all walks of life must work together to solve the said problems. [passage omitted on youth promotion programs and on importance of parents' role in education]

Ladies and gentlemen, in the economic field, we deserve to be proud of our high growth rate, but we must remember that even advanced countries like Japan may suddenly suffer economic slumps. We must never presume that our country's economic growth will last forever. Without proper planning and basis as well as consistent efforts, our country's economy will not continue to flourish.

The danger that always threatens prosperous countries is inflation, which means that high income will be reduced in value. High income with a high inflation rate will not allow people to buy more goods or services. What is the use of buying the same amount of goods with more money? If our income increases, in theory, we should be able to buy more goods or services. But many people find it difficult to understand this fact. Many people think that having a lot of money means they are rich or vice versa. That is why they are all after higher incomes without paying attention to the meaning of purchasing power. They always try to increase their income without paying attention to inflation and the increased cost of living. Unfortunately, this causes problems for low-income people, who want to have higher salaries to cope with their declining purchasing power. This will in turn cause more serious inflation while their purchasing power still cannot buy what they want. These people will not get richer, but become poorer instead.

Export-oriented countries like Malaysia will be unable to compete in the world market if the prices of its products increase. Its trade and industry will suffer a slowdown. Its investments will decline and its workers will be retrenched. Those who are unemployed will continue to be jobless. This is the reason why European countries now have between 10- and 20-percent unemployment rate. Their labor costs are too high and the governments cannot reduce the high labor costs.



Ladies and gentlemen, in Malaysia, many business executives demand very high salaries these days and threaten to move to another company if their demands are not granted. At the same time, workers also demand salary and bonus increases without considering the company's performance. A salary increase will not create problems as long as it is counterbalanced by increasing productivity. However, workers usually demand higher salaries when they see their colleagues get higher salaries without paying attention to their own productivity. Please remember that a salary increase without increased productivity will lead to a higher inflation rate, which will in turn lead to a loss of competitive edge and unemployment.

It is very difficult to cope with an economic slump. Just look at the example of some industrialized countries these days. The government has no ulterior motive when it introduces measures to curb inflation. Curbing the prices of commodity goods is not the only way to curb inflation. In this way, salary increases for both top executives and ordinary workers also must be curbed. Business executives who demand a salary of tens of thousands ringgit actually contribute to higher inflation in the same way ordinary workers who demand salary increases without giving higher productivity in return. Salary must be increased in line with economic growth, but should not be at the same percentage if we want to avert inflation.

A recent 20-percent salary hike given to a group of workers is indeed higher than our economic growth rate, which stands at only 8 percent. This will affect our economy. Even though the company concerned has adequate funds for such a salary hike, this will force other companies to do the same. To cope with the demand for salary hikes, these companies will have to raise the prices of their products and this will lead to inflation.

Therefore, I want to make an appeal to business executives, trade unionists, and workers not only to think of the present time. Please remember that the current prosperity and low price of commodity goods are the outcome of the government's policies and measures. The government has reduced various taxes to reduce inflation and build the nation. We want to avoid a higher cost of living. Please do not demand higher salaries which will derail the government's efforts to curb inflation.

Let us begin the first day of 1995 by reminding ourselves that our wellbeing and prosperity will not last forever automatically. Our prosperity and happiness depend on our decision to uphold noble values, culture, and actions which will safeguard such happiness.

Ladies and gentlemen, on this happy day, let us make an introspection so we can restrain our desires and achieve more lasting happiness. I wish all of you a happy new year. May our country continue to make progress and we continue to live happily. May God give His guidance. Peace be upon you.

### **Commentary Praises 1994 Economic Performance**

*BK3012135194 Kuala Lumpur Voice of Malaysia in English 0810 GMT 30 Dec 94*

[Station commentary]

[FBIS Transcribed Text] As 1995 approaches, a review of this year's economy is incomplete without highlighting the government's well thought-out policies, which have steered the nation to its eighth year of consecutive growth. Growth this year is estimated at 8.5 percent. But Deputy Prime Minister Datuk Sri Anwar Ibrahim's announcement that growth in the last quarter was at 8.9 percent has boosted optimism of yet another great show by the economy.

The growth in the national economy has been remarkable in view that it has been accompanied by a relative low rate of inflation. This has been the hallmark of the government strategy, for very high inflation will render our growth meaningless.

Even more encouraging is that the growth has once again been led by the robust manufacturing sector. Malaysia is trying its best to transform its economic sector to one that is based on manufacturing industry. This is in line with the country's vision to achieve industrialization by the year 2020. The country has also scaled the heights of international competitiveness. Foreign investors have given Malaysia high ranking as an investment destination, but they should realize that Malaysia (is total competitive package). No longer is Malaysia a place for cheap labor, but its political and economic stability surely stand out in any foreign investors' choice for making investment in the country.

Malaysian companies themselves have acquired technologies enabling them to invest overseas. But the country knows only too well the folly of putting all the eggs in one basket.

Malaysia has taken efforts to diversify its market base as much as possible. This also includes penetrating nontraditional markets in some South countries as well as Eastern Europe and South America.

Encouraging as the success may be, there is, however, no room for complacency. Malaysia must continue to push for new markets and new technology. This is in view of the challenges caused by the emergence of new economies such as those in Indochina. What used to be major selling points for Malaysia are no longer applicable.

Manufacturing costs have gone up, but they also managed in enhancing quality and increasing productivity. This is exactly what Malaysia has set to do. Malaysian exporters must be quick to change their products to suit consumer taste. It is worthwhile reiterating that Malaysian businessmen must continuously improve their global competitiveness. This is especially so for the conclusion of the Uruguay Round world trade talks.



Beginning 1 January 1995, the World Trade Organization, WTO, will come into existence. The implementation of the Uruguay Round will see cross-border reductions of tariffs resulting in an increased number of players in world trade. An additional \$755 billion worth of trade is expected to be generated. It is up to the private sector to take advantage of the new opportunities, in particular is the opening up of what used to be closed and protected markets such as China and Vietnam.

Malaysia has come a long way amid the [word indistinct] continuous striving for excellence. There is no reason why the economy cannot scale greater heights next year.

### Singapore

#### Editorial Examines WTO Mission, Hurdles

BK0301111095 Singapore *THE STRAITS TIMES* in English 3 Jan 95 p 22

[Editorial: "Grim Times for WTO?"]

[FBIS Transcribed Text] On Sunday, New Year's day, the World Trade Organisation [WTO] came into being without grand gestures. This was consistent with the spirit of the times, which is that while every nation understands that commerce is a good thing, many are unsure how much to concede and compromise when enforcing the rules which prevent trade flows from being fouled up. That is why it is a mercy that the WTO's birth had not been celebrated as a triumph of global goodwill, for that is yet to be proved, but is in fact a chastening experience in that it had taken 46 years for it to come about. This is how long its predecessor, the General Agreement on Tariffs and Trade, had lasted as an "interim" arbiter while the great mercantilists squabbled over what kind of "permanent" organisation should organise world commerce. It is just as chastening a thought that a lot of humankind's future rides on the WTO, now that it is the third prop of the support edifice that holds up the world economic system. The World Bank and the International Monetary Fund have largely lived up to their creators' aims, one to get infrastructure built to give poor nations a start, the other to stimulate fiscal health. The WTO's job is the most difficult: to act as a catalyst to generate wealth that participating nations can share in.

What are its prospects? It is expecting a lot to say that it cannot afford to fail in its mission as a global policeman for trade. While one can justify optimism that commerce would be made more orderly and no member nations can be exploited for being under-resourced and rudimentary in their economic structures, the fact remains that certain issues have not been resolved even as the WTO came into force. The textile dispute, for one, mirrors the West-East divide as Western nations wrestle with the notion of Asia seizing the economic initiative in the new millennium. The United States, Europe and Canada are opposed to Asian exporters having wider representation on the commission which is to govern the trade including

phasing out the outdated multi-fibres agreement. In the aerospace industry, the U.S. and Europe have made no headway over what constitutes subsidies. Which party comes out tops is of interest because the prize is a dazzling one: countries such as China, the six NIEs [newly industrializing economies], India and Vietnam as the next century's biggest buyers of planes will preserve the jobs of hundreds of thousands of aerospace workers and parts suppliers.

Big as these hurdles are, they are not as ominous as the underlying rancour that could sour the future for the WTO. There are two factors. The more harmful is the way the U.S. and China have been snarling at each other. This week they look headed for a trade war over copyright protection for American intellectual goods. In truth, this is a test case over the questionable use of an American law to bring fair trade compliance by one country's standards. This makes nonsense of a founding principle of the WTO, which is resolving disputes by the multilateral approach. All that will have a bearing on China's entry into the WTO which is being blocked by the United States. U.S. complaints that the Chinese have not done enough to justify membership are a canard. The U.S. should ponder this: Of what use is the WTO without a country which will become the world's most important economy inside a generation? The other factor which bodes ill for the WTO is the us-against-them psychosis driving the competition for the candidate to be the organisation's head. The three contenders—an Italian, a South Korean and a Mexican—draw their support roughly in accordance with their continental spheres of influence. At the same time, the European Union has become tighter as a bloc with Finland, Austria and Sweden becoming members on Sunday to make it 15-strong. Just as the WTO has been created to make the world seamless as a trading post, the forces of nationalism and the continental divide threaten its effectiveness. Its job is not going to be an easy one.

#### Goh Chok Tong Views India's Role Before Visit

BK0301114395 Singapore Radio One in English 1100 GMT 3 Jan 95

[FBIS Transcribed Text] Prime Minister Goh Chok Tong said India should play a role in Asian security. Speaking in an interview with New Delhi's HINDU newspaper ahead of his visit to Calcutta, Mr. Goh said, however, he did not see the U.S. winding down its security presence in the region.

Mr. Goh added that as India grows in economic strength and political influence, it should be incorporated into the wider Asia-Pacific region. This is to enable it to play a positive and constructive role. Mr. Goh emphasized that Singapore's relations with India were not confined to the economic field. He said that the two countries had stepped up cooperation in the fields of culture, tourism, science and technology, and defense.

The prime minister is now on his way to India. He will attend the centenary celebrations of the Confederation of Indian Industry.



### Goh Chok Tong Issues New Year Message

BK0301024695 Singapore *THE SUNDAY TIMES* in English 1 Jan 95 p 20

["Full text" of Prime Minister Goh Chok Tong's New Year message delivered on 31 December]

[FBIS Transcribed Text] 1994 has been another outstanding year. We achieved exceptional growth of 10.0 percent, as high as in 1993. As in 1993, growth was broad-based. Manufacturing and construction sectors did especially well. Nominal wages increased by 9 percent, higher than inflation of 3.6 percent.

But because productivity growth at 5 percent was also high, business costs have not gone up too much.

We attracted a record \$5.8 billion [Singapore dollars] of manufacturing investment commitments, mainly in capital-intensive and high-skill industries like chemicals and electronics.

This was despite stronger competition from other countries in the region for investments.

The outlook is good because of our strong domestic position and favourable regional and international conditions. MTI [Ministry of Trade and Industry] has forecast Singapore's economic growth in 1995 at between 8 percent and 9 percent.

Singapore's per capita GDP of U.S. \$20,000 is now the 16th highest in the world. We have become a middle-income country, but are still achieving high growth rates more typical of dynamic developing countries. We are growing faster than other middle-income countries at a similar stage of development.

These are exciting times to live and work in Asia. Asian countries have put decades of ideological battles, war, and civil strife behind them. All countries in East Asia now have economic development at the top of their agendas.

Growth needs a peaceful, stable, and secure environment. It also requires countries to open up their economies, lower trade barriers, welcome foreign investments, exchange knowledge, experience, and technology, and engage one another constructively.

Barring unforeseen setbacks, Asia can look forward to 10 and even 20 years of sustained, robust growth.

Singapore should maximise on its experience in development. Our accumulated reserves, and our knowledge of Asia open up many opportunities. We will add to and benefit from the progress of our neighbours. In 20 to 30 years, many Asian countries will become middle-income economies. Several will achieve the standard of living of Europe today. A prosperous Asia makes for a more stable environment for all.

However, because the region will prosper, some of our ablest and most enterprising citizens will work and live overseas for a few years at a time.

They will contribute directly to these countries' development and indirectly to Singapore by extending our economic base. We hope they will bring back their profits, but whether they do or not, we must venture abroad.

We cannot afford to miss out on this boom. It is better for us to help Singaporeans invest and trade overseas from a secure Singapore home base, than to have them stumble abroad on their own.

In a modern, borderless economic world, able and talented people are very mobile and in great demand. They will settle in countries offering them the highest quality of life and which best meet their personal needs. We cannot afford to lose our ablest and most energetic, for they are the ones who create wealth for the country and jobs for others.

We must strengthen the unique characteristics of our society which root Singaporeans here—the festivals, the atmosphere, the food, the warmth of human relationships among extended family members, schoolmates, friends and neighbours. Singapore can offer its citizens the best of both worlds: A comfortable, developed city where crime rates are low and families feel safe, and there are opportunities galore in a region that is taking-off.

However, two things that we cannot offer Singaporeans are cheap cars and cheap property, especially landed property. I know that many successful Singaporeans hold these two items dear. The government will enable as many Singaporeans as possible to own cars and private property. But unfortunately, it is beyond our powers to satisfy everyone.

What we can and must do is to compensate for these disadvantages and make up for them in other aspects of life in Singapore. We must provide the best possible public transport system, to make it convenient for people to travel in Singapore without owning cars.

We must improve the physical, social, and economic environment. We must keep the overall tax burden on successful Singaporeans as low as possible, taking into account COEs [Certificates of Entitlement] and foreign maid and other levies.

Taken as a whole, Singapore must offer its citizens a quality of life, abundant opportunities, and a future for their children that will make them want to stay.

Singapore continues to attract investments even though our wages are much higher than our neighbours' because we offer a superior business environment and long-term political stability. In 1994, three major petrochemical projects worth a total of \$4 billion [Singapore dollars] were announced. The investors are major petrochemical



companies from the U.S., Europe, and Japan. These projects make up a significant share of the world markets in these products. They are not small operations which can be uprooted at the first hint of trouble. Their investments pay back only over many years. Their choice of Singapore is a telling vote of confidence in Singapore's long-term future.

Singapore must stay attractive to domestic and international investors and businessmen. So long as we do, investments will continue to flow in, and we will maintain our growth and create more well-paying jobs for Singaporeans. But if we jeopardise our hard-earned political stability and economic prosperity by playing short-term politics and pursuing ill-advised policies, Singapore will go down. We have a lot going for us, provided we play our cards right.

I urge Singaporeans to take stock of how much we have achieved and build on these solid foundations. Our strategic location in Asia and the historic transformation of Asian economies promise us many more years of prosperity and stability, provided we work together to reinforce one another's strengths.

I wish all Singaporeans a Happy New Year.

### Cambodia

#### Ranariddh Discusses Malaysia Trip, King's Return

*BK0301053695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 2 Jan 95*

[Interview with First Prime Minister Prince Norodom Ranariddh by local and foreign reporters in Phnom Penh upon his return from Kuala Lumpur on 2 January—recorded]

[FBIS Translated Text] [Ranariddh] We asked His Excellency Dr. Mahathir to help us, to give us training in rural development. This is because the Malaysians are very experienced in rural development. In no instance should we Cambodians ignore the importance of rural development. We must make further efforts in this field. Dr. Mahathir agreed to our request. Moreover, we also informed him that because Malaysia helps Cambodia to develop, our relations are improving, and we will open a permanent embassy. We already have an embassy in Thailand to take care of our business with Malaysia, but now we are going to have a permanent embassy, and the Royal Government will exchange land with Malaysia on which to build the chancery. These are the concrete results of the consultations between the two Cambodian prime ministers and their Malaysian counterpart.

[Unidentified reporter] What did the Malaysian prime minister think of the Khmer Rouge problem?

[Ranariddh] First, he strongly welcomed the success of the Cambodian Royal Government in solving this Khmer Rouge problem. He is confident we will solve this

problem more quickly than he did when he had to deal with the communist insurgency problem from 1948 to 1990. He saw that we have been solving the problem faster because we have used development as the major weapon. So, he was happy with the national development success, and he praised us for it, saying that our investment law is better than his law as Cambodia's conditions are much more special. He agreed with all the proposals the two of us had made.

[Reporter] We have learned that his majesty the king is coming home on 4 January. We saw your highness on television, saying that the king is coming to Phnom Penh and will proceed to Siem Reap.

[Ranariddh] Right, we are making all the preparations in Siem Reap. We are rebuilding the royal residence for the king to accommodate his Korean entourage, including his Korean bodyguards. Only after this construction is finished will we escort the king there. His majesty's stay in Siem Reap will have a stabilizing effect on the nation, because Siem Reap is a major base for tourism. The king's presence will be a concrete guarantee for tourists going to Siem Reap, and Royal Air Cambodge is an instrument necessary for expanding and strengthening tourism in Cambodia.

Let me tell you that the arrival of investors in the Kingdom of Cambodia means that they have confidence in the kingdom, in the future of the Royal Government. Let me also tell you that despite the problems of hostage taking and so on, during the first 10 months of 1994 there was a 120.42 percent increase of tourist arrivals over 1993. If we compare November 1994 with the same month of 1993 we see that there is an increase of 126 percent. October 1994 saw an increase of 78 percent over October 1993. In 1995, because we are more firmly established, our confidence in the future is increasing accordingly.

Let me add that the latest Khmer Rouge defections were not part of any trick or design. They crossed over because they wanted to and because of the appeal by the Royal Government. Moreover, let me tell you that in the past we used to fight the party of Samdech Hun Sen, and we fought him along side the Khmer Rouge. So, we know all the Khmer Rouge leaders sharing with us the same regions, such as Siem Reap, Oddar Meanchey, Banteay Meanchey, Preah Vihear, and so on. Consequently, it has been possible for us to attract them and convince them to return. As a result, they have crossed over together with their family members as our acquaintances, bringing along their arsenal. In my view, the Khmer Rouge as a fighting force is dwindling and weakening gradually. This is a success that His Excellency Dr. Mahathir was so delighted with. This is because we are using the national reconciliation weapon against them both within the [word indistinct] framework and, especially, the national development weapon.



**Ranariddh New Year Message Sees 'Promising' 1995**

*BK0301091395 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 3 Jan 95*

[FBIS Translated Text] We should be sincere about national unity and national reconciliation in the Kingdom of Cambodia and loyal to the nation, the king, and the Constitution. This is the gist of Prince Krompreah Norodom Ranariddh's message to the Cambodian people during the celebration of the new year of 1995, which succeeds the greatly successful old year of 1994.

The prince said: 1994 has ended with two major unforgettable achievements; that is, the countless number of people who have deserted the Khmer Rouge ranks and the large number of investments that have unexpectedly streamed into Cambodia. The target for investment capital in 1994 was \$3 billion, and this was achieved within the short period of just five months. As for the Khmer Rouge movement, it is almost finished. We are not talking about the desertion of high-ranking Khmer Rouge elements, but of low-ranking ones. He added: The Royal Government of Cambodia has achieved constant success in its strategy because a great many people have deserted the Khmer Rouge ranks and left the jungle along with their families and weapons. I am confident that if they were playing a trick they would not come with their families and weapons. This represents a major success and the intensity of the battle with the Khmer Rouge across the country has significantly subsided.

Prince Ranariddh added: 1995 will be a promising year because jobs will be created through investment; socio-economic development and rehabilitation will be further promoted; and, more importantly, national unification and reconciliation will continue to be enhanced. This has already been affirmed through the surrender of a tremendous and growing number of Khmer Rouge elements, the desire of various political parties to unite for the sake of the nation's interests, and the inflow of dollars through investment capital that will certainly improve the living standards of the people. With the rural development pursued by the Khmer Royal Armed Forces, the people's hopes will be further stimulated in the coming years.

**Khieu Samphan Issues New Year Message**

*BK3112103694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 30 Dec 94*

[New Year greetings message from Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation, dated 30 December; place not given—recorded]

[FBIS Translated Text] Respected and beloved compatriots: It has been 16 years, from the end of 1978 to the end of 1994 and the beginning of 1995, that the communist Vietnamese have sent hundreds of thousands of

troops to invade, commit aggression, and occupy our Cambodia sowing great destruction on our nation and people. In these 16 years everywhere is stained by fresh blood and flesh and the mournful tears of our nation and people. Every place has witnessed the full scale of communist Vietnam's war of aggression for 13 years and the war waged by UNTAC [UN Transitional Authority in Cambodia] and allies in collaboration with communist Vietnam incessantly to continue to kill our nation and people through the two-headed government, their tool. Over the past 16 years, every place has witnessed the struggle full of lofty heroism of our nation and people in collaboration with all nationalist resistance forces to defend and safeguard the nation and race to this day. The persistent and protracted struggle of our nation and people has defeated the communist Vietnamese, allies, and the two-headed government. At present, they are being seriously defeated on every front and sector, military, political, economic, financial, and diplomatic. This has resulted in a situation in which the two-headed regime is rotten to the core; nothing can be done to restore this situation.

Our entire nation and people have clearly seen this situation, so has the whole world. The alliance has most bitterly admitted this. At present, the forces opposing the war are on the increase in our society and nation, in the region, and in the world. Everyone is tired of war. Everyone wants Cambodia to have peace. Only a handful of warmongers—the communist Vietnamese, the allies, and the two-headed government—are struggling to continue the war. Fueling the war is destroying national reconciliation and carrying on the invasion to kill the nation and people. It is the continuation of the burning of houses and villages, which cause unending separation and displacement of the nation and people. Continuing the war is continuing to destroy rice fields, farmland, rivers, sea, lakes, and forest. It is continuing to round up people to serve as soldiers and militiamen. It is continuing to increase taxes and duties. This will make matters worse for our people who are already facing serious famine. This is continuing fascist activities to arrest and murder people to eliminate evidence; to continue maintaining open and secret prisons and opening up people's abdomens and eating their livers. It is continuing to spread insecurity. Robbery and all types of corruption are spreading. Elderly persons, children, men, and women have no shelters; they are destitute, sleeping on road sides and begging. This is spreading. Prostitutes and the AIDS disease are spreading, and so on.

This is why our entire nation and people in rural areas, in cities, and abroad oppose the continuation of war and the warmongers. This force is huge and mighty. War seriously affects security, stability, and trade cooperation in the region. This is why countries in the region oppose war and want Cambodia to have peace.

Experience in our country and in the world clearly testifies to this: solving problems through war will not work. Those who want to solve problems through war run against the



will of our entire nation and people. It is fully against the will of mankind. Experience in our country clearly shows that the communist Vietnamese have tried for 16 years to annex Cambodia through a war of aggression, expansion, and extermination of the Cambodian race. However, they failed. UNTAC, the allies, and the two-headed government, in collaboration with the communist Vietnamese, have tried to kill our nation and people but failed. They have failed for 16 years; no matter how many more years, they will still fail. It will only make the nation and people poor and suffer with no end.

This is a clear lesson in Cambodian history; there is no doubt about this. In the world many experiences have testified to this truth. The situation in Bosnia, Somalia, the Middle East, Africa, and the former Soviet Union, and other places in the world, clearly show that solving problems through war will not work; it only makes matters worse.

Therefore, the only way out is a peaceful one. To have peace, there should be national reconciliation. All national forces of all political tendencies should be unified. War should be ended and a genuine national government be set up under the lofty leadership of King Norodom Sihanouk. Only this way can there be sufficient national forces to solve national and social problems, can the country be unified and developed, and can there be peaceful relations with all countries the world over.

It is in this spirit that on the 1995 international new year I would like to convey best wishes to all our compatriots inside the country and abroad. May they enjoy good health and good fighting spirit to overcome all kinds of obstacles to end the communist Vietnamese aggressors' war and quickly achieve national reconciliation in accordance with the profound and sacred aspiration of our entire nation and people.

On this occasion, all of us would like to convey best wishes to all peace- and justice-loving people and countries. May they always be successful in their efforts for the benefit of peace, cooperation, and progress in the world.

Our entire nation and people appeal to people the world over and to peace- and justice-loving countries—who are the witnesses of the real situation in Cambodia and who have clearly realized and understood that war will not solve anything, it only brings destruction—to raise their voices to help end war in Cambodia quickly by demanding that weapons not be given or sold and that aid absolutely not be given to fuel war in Cambodia.

Long live the mighty force for peace and Cambodian national reconciliation!

The force of peace and national reconciliation will absolutely win against the warmongers who kill the nation.

Peace, end of war, with national reconciliation will certainly be achieved.

[Dated] 30 December 1994

### **Commentary Denounces Khmer Rouge Maneuvers**

*BK3112130794 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 30 Dec 94*

[Political commentary: "The Khmer Rouge's Perfidious Trick"]

[FBIS Translated Text] To this day, everyone knows that in 1995 the Cambodian people will need about 300,000 tons of foodstuff. The Royal Government has been trying to find every way and to use every means to pool all the nation's potential to prevent famine among the people. At the same time, responding to the appeal by the Royal Government of the Kingdom of Cambodia, some friendly countries have provided rice to assist the Cambodian people—for example nearly 10,000 tons have come from Japan, 10,000 tons from Australia, and from many nongovernmental organizations.

Going against this trend, the Khmer Rouge—who boast about being champions of nationalism—not only have not thought about alleviating shortages, poverty, and the hardship of the people but also have gathered forces to attack villages and communes and burn down the people's houses, property, rice, and paddy, and even kill young girls and elderly people.

Khmer Rouge rebels have burned down about 200 houses in a village and made hundreds of persons homeless in successive raids in Battambang Province. The Khmer Rouge burned down 94 houses in an attack early last week in Ek Phnum District. In a second raid in the same week near Ta Pon commune, the Khmer Rouge burned down 74 houses. And a number of houses were also burned in a third attack last Thursday in Chaeng Meanchey Village. In Kompong Thom Province, the Khmer Rouge also burned down 44 houses after a raid on (Anlung Tranh) and Kaoh Samraong Villages last week.

All this shows that in the eyes of stubborn Khmer Rouge ringleaders, there is no sight of the people. The Khmer Rouge recently shouted that they love and have sympathy for the people and that they struggle and sacrifice their lives to chase Vietnam out and to save the Cambodian race from so-called extinction.

However, over the past year this smoke screen no longer has any meaning. Everywhere the Khmer Rouge go Cambodian blood flows and Cambodian property gets burned. Cambodian bridges, railroad, schools, and hospitals have been burned and destroyed. Therefore, the Khmer Rouge's lullaby is no longer listened to, believed, nor welcomed by anyone. On the contrary, the Khmer Rouge are denounced everywhere and most bitterly insulted.



Thus, to achieve their ambition of returning to power, the Khmer Rouge rebels have resorted to the stick by smashing and destroying everything; those who do not side with the Khmer Rouge will be cruelly eliminated. The Khmer Rouge clearly realize that acting this way they will certainly be defeated because their guerrilla war strategy uses the people as shields and supports, uses rural areas to surround cities, and uses poor people to topple the rich. However, through concrete actions, the people more and more realize the wicked nature of the Khmer Rouge and are moving away from this group.

Tens of thousands of people have abandoned their villages, property, paddy, and rice to flee the Khmer Rouge zones for safe areas. This has dwindled down the Khmer Rouge's sources for providing their fighting force and supplies. Moving forward or retreating means death. The Khmer Rouge are therefore lost and bite everything that comes into contact with them. These insane activities—although they will speed up the Khmer Rouge's demise—have for a certain period caused quite a problem for the Royal Government which has to find foodstuff, shelter, and budget to rehabilitate and develop the country. At the same time the Royal Government has to use a fair slice of the national budget to serve the task of defending the nation to oppose and thwart the Khmer Rouge's attacks and destruction.

Taking advantage of this difficult period, the Khmer Rouge have ordered those persons they have bought to spread propaganda belittling the Royal Government's prestige and affecting some changes in the situation whenever possible to slow down the national construction process. Through this, the Khmer Rouge hope to prolong their existence for some time. This is the Khmer Rouge's perfidious trick.

### **Government Urges, Reports Khmer Rouge Defections**

#### **Appeal Broadcast**

*BK3112105194 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT  
30 Dec 94*

["Appeal" by the Royal Government of Cambodia; dated 30 December—read by announcer]

[FBIS Translated Text] Along with successive appeals by the Royal Government and the co-commanders in chief of the Khmer Royal Armed Forces [KRAF], in 1994 over 5,000 compatriot officers and soldiers, who used to be with the Democratic Kampuchea/Khmer Rouge group, and their families, along with ammunition and over 2,000 assorted weapons, awakened and returned to live with the Royal Government and the Cambodian society and nation. Many of these returning officers had important positions in the Khmer Rouge army, most of them from battalion to division levels that used to operate in the Phnum Voar, Phnum Mrom, Sen Han, (?Saket), and (?Kaoh Sla) areas in Kampot Province; in Bar Set, Kong

Pisei, and Aoral Districts in Kompong Speu Province; in the Phnum Chi area on the border of Kratie and Kompong Thom Provinces; in the Phnum Kulen area, Svay Leu and Banteay Srei District of Siem Reap Province; and in another number of areas in Kompong Cham, Preah Vihear, Kompong Thom, Battambang, and Banteay Meanchey Provinces, and so on.

These officers and men have all suffered and could no longer put up with hardship in accordance with the warmongering policy of destroying their own nation of the stubborn Khmer Rouge leaders. They have tried to hastily find means to return to the Royal Government of Cambodia [RGC] following KRAF operations in the above areas.

As the Royal Government has successively appealed to these compatriots, the Democratic Kampuchea/Khmer Rouge group—political and military forces—has been outlawed by our Cambodian National Assembly since 7 July 1994. Therefore, the Democratic Kampuchea/Khmer Rouge group has been isolated from national and international communities and they have become genocidal rebels and bandits opposing the supreme interest of their own nation. Article 5 of the bill outlawing Democratic Kampuchea adopted by the National Assembly on 7 July 1994 allows a six-month grace period for compatriots, who live under the Democratic Kampuchea/Khmer Rouge control, to find the means to return to the Royal Government in the Kingdom of Cambodia without being punished for offenses they had previously committed. Furthermore, the Royal Government and the KRAF co-commanders in chief have paid attention to the lives and various rights and benefits of these compatriots. Many of these officers and men have been included in the KRAF.

However, the grace period provided for by the law for members of the political organization and the military force of the Khmer Rouge is running out; this will end on 15 January 1995. After this date, the Royal Government cannot be responsible for compatriots who continue to adventurously live with Khmer Rouge traitorous leaders.

Therefore, the Royal Government would like to once again appeal—and this could almost be considered the last time—to officers and men and civilians living under the illegal administration of the Khmer Rouge. Please hurry and find every means to return to the Royal Government, society, and the nation, by contacting KRAF units or all levels of officials and state authorities of the Royal Government. The sooner compatriots return the better because time is running out for you. The Royal Government will continue to pay attention to assisting you and compatriots who return in a timely manner to society and the nation, as the Royal Government has many times said.

The RGC places firm hope on the nationalist, peace-loving, and awakening spirit of compatriots to return to our society and nation under the cool shade of our most revered king.



[Dated] 30 December 1994

[Signed] First Prime Minister, Prince Krompreah  
Norodom Ranariddh Phnom Penh Radio  
Second Prime Minister, Samdech Hun Sen

### **Defections Reported in Siem Reap**

*BK3112115894 Phnom Penh AKP in English 0940  
GMT 31 Dec 94*

[FBIS Transcribed Text] Phnom Penh AKP December 31—Some 390 Khmer Rouge guerrillas defected to the Royal Cambodian Armed Forces (RCAF) in Siem Reap Province in the past two weeks.

Only on Tuesday December 27, 154 Khmer Rouge fighters surrendered to the RCAF in Angkor Chum District, Siem Reap Province, a (?locality) where Khmer Rouge guerrillas have frequently harassed villagers and recently burned many houses.

During the past two months, more than 800 Khmer Rouge soldiers defected to the RCAF which represented a major victory for the government.

Governor of Siem Reap Toan Chay said "many of the defectors said they left the Khmer Rouge [words indistinct] disagreement and unhappiness."

### **Defections in 4th Army Region Noted**

*BK0301033795 Phnom Penh National Radio of  
Cambodia Network in Cambodian 1300 GMT 2 Jan 95*

[FBIS Translated Text] Lieutenant General Khan Savoeun, commander of the 4th Military Region told correspondents on 1 January that in November and December the 4th Military Region welcomed back to the national fold around 1,500 Khmer Rouge officers and men who had surrendered to the authorities along with over 2,000 of their family members. The general stressed that this was a great victory for the Khmer Royal Armed Forces [KRAF], the national reconciliation policy, and the effort to end the fighting and bloodshed.

Asked if the defector KR officers and men had applied to serve in the national army, Gen. Khan Savoeun said: They are used to being armed. So, we have accepted them into the KRAF so that together we can defend the motherland and the populace.

### **Khmer Rouge 'Communique' Denies Defection Claims**

*BK3012154694 (Clandestine) Radio of the Provisional  
Government of National Union and National Salvation  
of Cambodia in Cambodian 1200 GMT 30 Dec 94*

["Communique" issued by the spokesman of the National Army of Democratic Kampuchea on 30 December; place not given]

[FBIS Translated Text] I. The two-headed government, under the orders of its U.S., Australian, and French psychological masters and the communist Vietnamese,

has been repeatedly disseminating propaganda that soldiers of the National Army of Democratic Kampuchea [NADK] have defected to its side—hundreds at a time, totalling over 1,000—in the eastern part of Siem Reap Province. This deceitful propaganda also mentions defections in other areas.

II. The question is: Why have the two-headed elements, on the orders of the U.S.-Australian-French alliance and communist Vietnam, launched this deceitful propaganda about various defections? The answer is known to the national and international public, especially to Cambodians everywhere:

1. They have launched this deceitful psychological warfare to cover up their military, political, economic, financial, and social defeats in all aspects, including the insecurity and starvation threatening millions of people. They want to conceal the disintegration of the two-headed elements, who are the lackeys of communist Vietnam and the U.S.-Australian-French alliance—the satans who have continued kindling the war of aggression and genocide against the Cambodian race for the past 16 years.

2. They have launched this deceitful propaganda to boost the appalling morale of their men, who have suffered serious defeats in all fields and all aspects and are in an acute agony.

3. They have launched this propaganda to prevent the sudden collapse of their forces due to mass desertion by their demoralized and defeated soldiers in the battlefield.

4. They have launched this deceitful psychological propaganda to inform the United States, Australia, France, and the other big powers that the two-headed government has lured a number of NADK forces to its side; therefore it should be given more money so it can continue the war and so the two-headed elements can pocket half of it. All along the two-headed elements have cheated and pocketed the money given by their boastful long-nosed advisers. The people have said that these millionaires have been cheated by the tricksters.

The national and international public are well aware of the true nature of the two-headed elements and their masters—they have suffered defeats at the hand of the Cambodian nation and people for the past 16 years. In that 16 years, hundreds of thousands of communist Vietnamese and their puppet lackeys have been defeated by the Cambodian nation and people. The UN Transitional Authority in Cambodia brought over 20,000 men from the United Nations and spent over \$2 billion when it came to Cambodia, but it failed. Later, a dozen Western powers who came to usher in the two-headed government were also stymied at the hands of the Cambodian nation and people. By now, these elements are in acute agony and are losing the air to breathe.

The fact is that the two-headed government, despite assistance from all sorts of masters, is suffering agony



everywhere. It is useless for the two-headed elements and their masters to use a banana leaf to cover up a dead elephant.

[Dated] 30 December 1994  
[Signed] The NADK spokesman

### **Khmer Rouge Captures Military Camp Near Border**

*BK0201032795 Bangkok BANGKOK POST in English 2 Jan 95 p 2*

[FBIS Transcribed Text] Ta Phraya—About 50 Khmer Rouge guerrillas yesterday overran Chang Ka Ko camp, a military camp of Cambodian government forces, opposite this Thai district.

The camp was the base for the Seventh Division.

The sound of rifles, mortars and machineguns could be clearly heard from across the border since early morning. By 8 a.m. Phnom Penh forces withdrew to the Thai border, leaving the Khmer Rouge to burn their camp.

About 700 Khmer civilians also took refuge in Thailand after the raid and Thai military and Border Patrol Police forces were sent to the area to move the refugees to Boeng Ta Kuan Village in Cambodia, five kilometres to the north, to ensure their safety.

However, another 500 Khmer civilians at Boeng Ta Kuan Village were also packing their belongings in anticipation of a Khmer Rouge attack. If that occurs, they are expected to flee into Thailand.

Fifth Region commander Gen Kong Tami, based in Banteay Meanchey Province, has told the 12th Division at Nimit Village under the command of Lt-Gen Lai Virak to send in four T54 tanks and troops to launch a counterattack against the Khmer Rouge at Chang Ka Ko camp.

Thai forces have been put on alert to repel foreign troops and to warn both sides against stray shelling onto Thai territory.

### **Khmer Rouge Radio Reports Attack**

*BK0201130995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 2 Jan 95*

[FBIS Translated Text] On 1 January 1995, the National Army of Democratic Kampuchea [NADK] and the people of Thmar Puok District jointly attacked and totally destroyed a base belonging to the U.S. puppets at Chamka Ko in Thmar Puok District [Battambang Province]. We killed five traitors—their bodies were left on the spot—and wounded 20 others. The survivors fled in disarray. We seized 11 assorted weapons—six AK's, an AR-15, a K-54, an M-79, and two CK's. We also seized a wood cutting machine and destroyed two others.

On 30 December, our NADK liberated and seized full control of the (Don Chi) base. Our NADK have liberated and seized control of all areas from the western part of Thmar Puok up to the Thmar Puok market.

### **Khmer Rouge Ambush Train; 8 Killed**

*BK0301111395 Hong Kong AFP in English 1057 GMT 3 Jan 95*

[FBIS Transcribed Text] Phnom Penh, Jan 3 (AFP)—Khmer Rouge guerrillas killed eight people in a bloody train ambush less than a hundred kilometres (60 miles) northwest of Phnom Penh, the director of the Cambodian state railways said Tuesday.

"The Khmer Rouge killed eight people, including four women and wounded thirty-six in the ambush," Pich Kimsreang told AFP.

"They ambushed the train in Samaki Meanchey district, Kompong Chhnang Province on Monday afternoon," he said, referring to an area around 60 kilometres (35 miles) northwest of the capital.

The train was loaded with passengers going to Phnom Penh to sell their farm produce, he said, adding that the funerals of the dead people would take place Tuesday.

Cambodia's ancient and decrepit train system with its slow-moving locomotives is a frequent target of the Khmer Rouge and rural bandits.

On July 26, Khmer Rouge guerrillas ambushed the southern-bound train from Phnom Penh to Siha-noukville, killing 13 passengers and marching off several others, including three Westerners, to their deaths in the jungle.

## **Indonesia**

### **Suharto on APEC Trade Liberalization Concerns**

*BK3112111294 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 31 Dec 94*

[FBIS Translated Text] Indonesia definitely will implement trade liberalization and investment, but such an undertaking does not mean that liberalism will be absorbed.

When meeting with war veterans of Paguyuban Wehrkreise in Yogyakarta yesterday, President Suharto stated that a portion of the community was concerned about the implementation of the APEC [Asia-Pacific Economic Cooperation] trade liberalization and investment which was agreed upon by APEC leaders during the summit held at Bogor Palace on 15 November.

According to the head of state, Indonesia will definitely uphold the Pancasila concept and the 1945 Constitution in the implementation of trade liberalization and investment.



Attention should be focused on how the trade liberalization and investment systems can guarantee Indonesia's competitiveness for its goods in local and foreign markets.

On the possibility of foreign goods flooding Indonesian markets as a result of the trade liberalization, President Suharto stressed the need to increase awareness among Indonesians to purchase and utilize locally produced goods and services.

### **Suharto Delivers End-of-Year Message**

*BK3112151494 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 31 Dec 94*

[Yearend address by President Suharto; live or recorded—place not given]

[FBIS Translated Text] In the name of Almighty God, fellow countrymen! May peace be unto you! In a few moments, we will be entering the new year of 1995. We will soon leave behind us the year 1994, which will remain part of our country's history. It will be meaningful for us all if we cherish the last few moments of the year together. Let us ponder the important experiences that we have undergone together during the year which will soon draw to an end. We should simultaneously look forward to the challenges and opportunities which we will face and benefit from together during the coming year.

Nature has not been too kind to us in 1994. Apart from the drawn out drought, which affected certain parts of the country, a number of regions faced natural calamities that took numerous lives and destroyed property. We have faced these incidents with all our restraint. It should be noted that we could not do much to prevent these incidents from occurring. All this happened in accordance with nature's law. We, however, have become more aware that our lives are strongly tied to nature as a result of the experiences we underwent and the lessons which we learned. As such, we need to further increase our awareness about conserving the environment. Even though Indonesia is a maritime nation bounded by seas and rivers, we are still faced with a water shortage. We should realize that even water can become scarce. We need to provide protection to resources which are of utmost importance to life and which provide us with natural water resources to ensure the continual existence of our future generations. Our natural resources are not only found on land, but also in the seas and atmosphere. Coral destruction has occurred in several regions. Nonetheless, this destruction is a big loss for our nation. We should rally all our forces to protect God's glorious gifts from destruction and pollution. This responsibility does not only rest with the government, but with the people as well.

Fellow countrymen, the year 1994 that will soon leave us was filled with a series of activities in connection with the consolidation of political and social organizations.

As a sovereign race and nation, we need to further enhance our sociopolitical strength in order to ensure that these organizations function well. A portion of our national development success is definitely influenced by the quality of our sociopolitical organizations. We feel worried if their consolidation is hampered because this effect will have an impact on our smooth national development process.

On the economic sector, we are relieved to say that our economic development has been good. Our economic growth in 1994 is expected to surpass 6.2 percent which forms the target of the first year of the Sixth Repelita [Sixth National Development Program]. The inflation rate was considered high even though it was still under 10 percent. The industrial sector has shown satisfactory development. On the other hand, the agricultural sector's development was sluggish because of the drawn out drought. Nongas exports, which declined during the early months of this year, increased again over the recent months. Nongas imports also increased, particularly with the increase of domestic and foreign investments. Our foreign exchange reserves also have increased and this will be sufficient to support more than five months' worth of imports. The development of share markets has been heartening and simultaneously provided more confidence to our economic stand. This was due to the efficient mechanism of share markets. Generally speaking, I can say that our economic strengths will further develop in the future and we can take advantage of every available opportunity.

A large portion of our citizens in cities and rural regions are playing their roles and have savored the fruits of development. We, however, have not forgotten some of our brothers and sisters who are still living in deprivation as a result of national development. They need to be given assistance so they can emerge and develop their potential. That is why we launched the presidential backward villages program. Even though the program was recently launched, the results have proved to be very hopeful. We believe that through further development of national stability, which will further promote greater economic growth and equal development, we can reach our ultimate goal of developing a more prosperous society based on Pancasila.

Fellow countrymen, our nation's development is connected with global developments since we belong to the global community. The world is currently undergoing major reforms with more opportunities and challenges. The hope for peace has been replaced with threats of war while the spirit of solidarity has been replaced with the desire for animosity. Justice has been replaced with suppression while understanding has been represented by suspicions. The changing process is taking new forms. Amid the concern for a new hope, we are likewise concerned with the suffering of mankind as a result of armed conflicts in several regions and the dissolution of nations as well as racial and religious conflicts. We are thankful that we are spared from such disasters due to



the guidance of Pancasila, blessings from Almighty God, and with our strong solidarity. Accordingly, we continue to exert our efforts to direct the world toward becoming a more orderly and peaceful world based on freedom and justice. In accordance with our responsibility to develop our race, we also direct our attention toward efforts to develop other nations. We reactivated cooperation and dialogues among the South-South nations. Through concrete steps and with full responsibility, we carry out such duties, particularly because we are the leader of the Nonaligned Movement and also as the host for the Asia-Pacific Economic Cooperation leaders summit which was held in Bogor in the middle of November.

In future, global nations, particularly those within the Asia-Pacific region, will be faced with trade liberalization. Whether we like it, want it, are ready or otherwise, we will be drawn into trade liberalization. We will definitely be left behind if we are unwilling to participate in this major global development. Therefore, we have no alternative but to embark on early preparations. We need to rally all our economic strengths—the strong and the weak. We need to upgrade our efficiency in all our national economic strengths. We also need to increase the competitiveness of our goods and services so we will be able to compete in the global arena and even with the imported goods into our country from other countries.

Toward this objective, we should support our own local products. We need to give extraordinary support toward the development of our national industries. A strong spirit will bring forth progress and we will bring along with us the new spirit of equality and nationalism in entering the new year tomorrow.

The new year of 1995 brings a special meaning to us. Our country will celebrate its 50th independence in 1995. We are thankful that peace, prosperity, and security have prevailed over the last half century. We have strengthened the Republic of Indonesia's solidarity. After 50 years of independence, we are determined to turn this united and sovereign nation into a just and prosperous nation. If we are currently making preparations to usher in the new year tomorrow, this means that we are currently beginning to reactivate our country as a united nation.

Alongside my appeal, I wish you all a happy new year. May Almighty God bless us all in the coming new year. Thank you. May peace be unto you!

#### **Rioting Breaks Out in East Timor Town**

##### **Five Reported Killed**

*BK0301005695 Hong Kong AFP in English 1922 GMT  
2 Jan 95*

[FBIS Transcribed Text] JAKARTA, Jan 3 (AFP)—Five people have been killed and a town market torched in fresh unrest in East Timor since the weekend, sources in the Indonesian-ruled former Portuguese colony said early Tuesday.

Hundreds of people, mostly youths, rioted in Baucau town, some 115 kilometres (71.3 miles) east of the capital Dili, after an East Timorese, identified only as Amandino, was killed in a fight Sunday with an unidentified migrant from South Sulawesi, they said.

The cause of the market brawl was not immediately known. A similar incident had triggered riots in Dili last November.

Part of Baucau's small market was burned in the unrest and a public mini-bus was wrecked as the disturbances continued Monday, according to Dili sources reached by telephone.

The sources, who sought anonymity, said a group of East Timorese youths attacked a military officer Monday, slightly injuring him in the temple, in Kota Lama, the old part of Baucau.

Security troops shot four people dead after unsuccessfully trying to disperse the mob with warning shots fired in the air, they added.

The East Timor military spokesman could not be reached for confirmation.

The sources said that some injured rioters were carried to the nearby San Antonio church.

They said a delegation of East Timorese, accompanied by a local Roman Catholic priest, Father Rui Gomez, met with the chief of the East Timor military and the head of the Baucau regency for talks late Monday but the outcome of the meeting was not yet known.

The head of the Bali-based Udayana Command which oversees security in East Timor, Major General Adang Rukhiatna, was said to be also in Baucau late Monday, one of the sources said.

The sources said that migrants from South Sulawesi residing in Baucau, fearing reprisals from the angry natives, had sought refuge at the military camp in the newer part of the town.

It was the second outbreak of violence since November in largely Roman Catholic East Timor, which predominantly Moslem Indonesia annexed in 1976 amid international condemnation.

The death of an East Timorese trader during a fight with a migrant food stall owner, also from South Sulawesi, at Dili's Becora market in November led to three days of unrest there that caused damage to buildings and vehicles.

The Dili riots and a sit-in at the US embassy in Jakarta by East Timorese youths, who eventually gained asylum in Portugal, embarrassed the Indonesian government, which was then hosting an 18-nation Asia-Pacific summit.

On Monday, the Portuguese news agency Lusa reported that jailed East Timorese opposition leader Xanana



Gusmao had called on Indonesia to allow a referendum on the future of the territory.

Lusa quoted Gusmao as saying in a New Year message from his prison cell in Jakarta that 1995 would be the ideal opportunity for Indonesia's Foreign Minister Ali Alatas to "finally prove that Jakarta accepts to solve the East Timor issue."

The Lusa dispatch from the Portuguese enclave of Macau did not say where Gusmao's message was received.

The 48-year-old guerrilla leader was captured by Indonesian security forces in East Timor in November 1991 and sentenced to life imprisonment in February 1992. The sentence was later commuted to 20 years.

In the four-page message quoted by Lusa, Gusmao said that Jakarta must fulfill the obligations imposed on the country by its appointment on January 1 as a non-permanent member of the UN Security Council.

The United Nations continues to recognize Portugal as sovereign in the enclave, and has demanded that East Timor be given rights of self-determination.

The rebel chief's message also calls on both Timorese and Indonesians to "change attitudes" regarding the enclave.

He said that even after 19 years of Indonesian rule, the "nationalist conscience" of East Timor "cannot be killed through repression, nor be choked by crimes."

The rebel leader underlined the importance of talks between US President Bill Clinton and President Suharto on the East Timor issue at last November's summit of the Asia Pacific Economic Cooperation (APEC) forum.

He stressed that "many Indonesian politicians" wished that East Timor was no longer "a stone in the shoes of the Indonesian diplomacy and a blood-stain in the image of the country that holds the presidency of the non-aligned movement."

#### **Area Reported 'Under Control'**

*BK0301071395 Jakarta ANTARA in Indonesian 0542 GMT 3 Jan 95*

[FBIS Translated Text] Jakarta, 3 Jan (ANTARA)—The ABRI [Indonesian Armed Forces] Information Department stated that the violence that occurred in east Baucau, East Timor, on Sunday [1 January] afternoon is fully under control and that the situation returned to normal by midnight on the same day.

According to the department, the incident was sparked by a petty argument between two Baucau residents and later developed into clashes. As a result, 17-year-old Armando Ximenes, one of the two residents, died after being stabbed in the abdomen.

The other person, 26-year-old Cole alias Rusli, received serious injuries to his face and hands.

The death of Ximenes triggered anger among the Baucau youths. This developed into brutalities such as the destruction of several kiosks, torching stalls, and stone-throwing at security forces.

Apart from the destruction of kiosks in the new and old parts of the market, the angry mob also destroyed a police station, two minibuses, an official automobile belonging to the Baucau Region I assistant governor's office, and several restaurants.

The ABRI Information Department stated that 11 members of the security forces were slightly injured in the stone-throwing incident when they tried to quell the unruly mob. Six bystanders were also injured.

### **Philippines**

#### **Power, Energy Loan Agreement Signed With Japan**

*BK0301100795 Manila THE MANILA CHRONICLE in English 24 Dec 94 p 14*

[Report by Leticia P. Perez]

[FBIS Transcribed Text] The Philippine government and the Japanese government yesterday signed loan agreements totalling \$720 million which will finance power and energy projects as well as the economic program of the country.

Signing for the Philippine was Philippine Ambassador to Japan Domingo Siazon Jr. and signing in behalf of Japan Export Import Bank was Governor Hiroshi Yasuda.

The loans are part of the Japanese government's \$1.5 billion pledges during the Consultative Group Meeting held in Paris last August, the Finance Department said.

The loan includes the Japan Eximbank Parallel Financing Loan 2 for the Philippines amounting to yen equivalent of \$400 million, the Asian Development Bank co-financing loan for Masinloc Coal Thermal Power Project of the National Power Corp. (NPC) amounting to a yen equivalent of \$150 million.

Also included in the agreement were the World Bank co-financing loan for the Leyte-Luzon Geothermal Project of the NPC and the Philippine National Oil Co. (PNOC) amounting to yen equivalent of \$56 million and \$114 million respectively.

The Finance Department said the agreement also includes a co-finance facility tied to the Extended Fund Facility (EFF) program of the International Monetary Fund (IMF).

"Given the linkage, the Japan Eximbank loan disbursements will be strictly in proportion to that of the IMF," the Finance Department said.



This means entitlement to disbursements will be in 12 tranches and patterned after the unavailed balance of the EFF. The initial tranche, amounting to yen equivalent of \$61.53 million, is available for disbursement this month to catch up with purchase made under the EFF, the department said.

The Finance Department said, however, that in case of the EFF funds this would be a stand-by facility. The government will only draw on it if there is need to maintain financial stability.

At the moment, the country is awash with dollars and the government is not inclined to add further pressure to peso strengthening.

### Ramos Sets Economic Priorities for 1995

BK0301100995 Manila PHILIPPINE DAILY INQUIRER in English 26 Dec 94 pp 1, 4

[FBIS Transcribed Text] President Ramos yesterday [25 December] said his administration will try to sustain in 1995 this year's economic gains by enforcing a number of measures, among them, the intensification of tax reforms.

The measures will be fleshed out tomorrow during a special Cabinet workshop in Malacanang which the president has called in place of the regular Cabinet meeting on Tuesday.

"It is important that we sustain the unprecedented economic growth the country has achieved this year so that the masa [masses] will eventually feel the positive changes that are taking place in the Philippines," he said.

The economy grew by 5.5 percent for the first nine months of the year, and the government is hoping that the growth rate will reach as high as 6 percent before the end of the year.

To continue posting a high growth rate, Mr. Ramos said the government will pursue an "intensified tax reform program, including the modernization of a tax regime into a more progressive tax system."

He urged the Supreme Court to lift its temporary restraining order on Republic Act 7716, otherwise known as the expanded value added tax [VAT] law, before the end of the year so that tax reforms can proceed smoothly next year.

The tribunal stopped the implementation of the expanded VAT in June following a nationwide protest.

"The expanded VAT law is a key element in this and I hope the Supreme Court will rule on the issue soon, so we can implement it in early 1995," he said.

Tariff reforms to be pursued by the administration would also result in the enforcement of only one low rate for all imports, Mr. Ramos said.

He said the present customs valuation method based on "home consumption value" will eventually be phased out.

Other priority measures:

- Liberalization of the Foreign Investment Act and the opening up of the retail trade sector except for those sectors where ownership is restricted by the Constitution.

- Deregulation of the shipping and air transport industries.

- Liberalization of the banking system.

- Entry of 100-percent foreign-owned insurance companies, wholesale traders, travel agents.

As proof that the government is sincere in getting out of business, the president said the privatization program will be accelerated next year.

In the past two and half years, the government has partly or fully privatized 40 major companies bringing in some P[Philippine pesos] 29 billion in earnings for the government.

"That is not too far short of the P37 billion total of the previous seven years. Next year, we will sell off most of what is left," he said.

The workshop will give special focus to the implementation of the Uruguay Round accord of the General Agreement on Tariffs and Trade, which was ratified by the Senate last December, and the country's inclusion in the World Trade Organization.

Workshop participants are expected to recommend measures on how to strengthen the country's attractiveness to both local and foreign investors.

Earlier, the Board of Investments said registered foreign investments during the first half of the year amounted to an all-time high of \$8.9 billion, an increase of 450 percent over the same period last year.

The president said the workshop will also assess the performance of his administration in five areas: political stability/peace and order, economic development, infrastructure and power development, environmental protection, and streamlining of the bureaucracy.

The year-end performance report of each department, to be submitted by Cabinet members, will also be evaluated during the workshop.

Mr. Ramos has also approved the holding of a two-day economic summit for late September or early October next year in preparation for the country's hosting of the Asia-Pacific Economic Cooperation forum to be held in Subic in 1996.

He said he has reminded all Cabinet members that all actions and policies of the administration next year will



be aimed at "enhancing the Philippines capability to be at the forefront of economic development" in the Asia-Pacific region.

Press Secretary Jesus Sison said leading economists from various countries will be invited to participate in the economic summit which will be organized jointly by the government and the International Herald Tribune.

Both regional as well as international issues will be taken up, he said.

### **Abu Sayyaf Said To Possess Smuggled Weaponry**

#### **Arms Include High-Tech Weapons**

*BK0301023095 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 2 Jan 95*

[FBIS Translated Text] Southern Command Chief Lieutenant General Orlando Soriano revealed that the Abu Sayyaf kidnap-for-ransom group now possesses modern weapons including computerized missiles and other foreign-made high-tech weapons. According to AFP [Armed Forces of the Philippines], spy shots of smuggled weapons were taken, and they included computerized anti-aircraft missiles that the Abu Sayyaf could use in against attacks by government forces.

#### **Defense Chief Monitoring Report**

*BK0301090195 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 3 Jan 95*

[FBIS Translated Text] The Department of National Defense will coordinate with its foreign counterparts to confirm reports on the smuggling of arms for the Abu Sayyaf group in Mindanao. This was announced by Defense Chief Renato De Villa. He said that his office continues to monitor the said reports. Although there have been arms shipments in Mindanao, De Villa said that this will not affect the peace process for the government in Mindanao.

DILG [Department of Interior and Local Government] Secretary Alunan said that the AFP [Armed Forces of the Philippines] has already coordinated with the AFP Southern Command to investigate the reported landing of arms in Mindanao.

National Security Adviser Jose Almonte said this development will not affect the scheduled visit of Pope John Paul II in the Philippines. It will be recalled that there were reports on the secret smuggling of weapons, including surface-to-air missiles, in Basilan last November, with the involvement of six Pakistani nationals suspected to be Muslim fundamentalists.

[Begin recording in English] [DILG Secretary Alunan] I called General Sarmiento this morning about that, to ask him about the truth regarding this alleged arms landing for the Abu Sayyaf. So he immediately called General Soriano; and he called me back and said that it is not true. It is not true, so I am awaiting a written report

regarding that and I am coordinating also with the office of Secretary De Villa, who supervises the AFP, and under which you have Southcom [Southern Command].

[De Villa] The statement by General Soriano that there had been some landings is accurate, but as to whether they have surface-to-air missiles or whether they have surface-to-surface missiles or whether they have them in the thousands, I think this matter of detail has to be verified.

[Unidentified reporter] So what is the implication of this landing?

[De Villa] Look, this is not the first time it happens, you know. We have been watching this situation very carefully because it could provide additional problems to us in the South, especially if these firearms are really landed in large quantities. [end recording]

### **Thailand**

#### **Nation Becomes 59th Signatory to WTO**

*BK3112111894 Bangkok Radio Thailand Network in English 0000 GMT 31 Dec 94*

[FBIS Transcribed Text] Thailand becomes the 59th signatory to the World Trade Organization [WTO] after its instrument of ratification on the establishment of the world trade body was handed to the GATT Secretariat in Geneva on December 28. The Ministry of Foreign Affairs said His Majesty King Phumiphon Adunyadet had signed the country's two acts making it qualified to become a WTO member. The two acts involve the protection of WTO operation and the amendment to the customs code under which Thailand is committed to reduce import duties in line with the Uruguay round of GATT trade talks. The two acts were published in the Royal Gazette on December 28.

The World Trade Organization will be established on January 1, 1995 to replace the GATT Secretariat. As Thailand applied for membership of the WTO in time for its creation, it would become a founding member and enjoy tax privileges when exporting to other members.

#### **Case of Cambodian Fugitive Sin Song Reported**

##### **Cabinet To Consider Case**

*BK0201030595 Bangkok BANGKOK POST in English 2 Jan 95 p 1*

[FBIS Transcribed Excerpt] The Cabinet tomorrow will decide the fate of Sin Song and his small group of military officers who are wanted in Cambodia to face punishment for involvement in the failed coup in July.

Prime Minister Chuan Likphai said yesterday he had already read the court's case file about Gen Sin Song and his coup conspirators which was sent to the Thai Foreign Ministry by the Cambodian Government on December 30.



He said he would raise the issue at the Cabinet meeting tomorrow for a decision on what to do with the fugitives.

"I think the factual and legal evidence are clear enough for the administration to make a decision. The Government can decide by itself whether the case is political. If it is, we should follow the law," he said.

Earlier, Foreign Minister Thaksin Chinnawat said that Gen Sin Song's case was political and the general could not be repatriated as demanded by Phnom Penh. He said the general and the other fugitives who have been held in the custody of immigration police would have to be sent to a third country because their presence in Thailand would jeopardise relations between Thailand and Cambodia.

Cambodia's First Prime Minister, Prince Norodom Ranariddh, had earlier demanded the repatriation of Gen Sin Song, warning that Thai-Cambodian relations might be affected if his words were not heeded.

But Mr Thaksin yesterday insisted that Gen Sin Song and his men were political refugees as interpreted by the Treaties and Legal Affairs Department. Therefore, they could not be repatriated against their will.

He said he would formally inform the Cambodian Government of the Thai Government's ruling on the case.

The Thai Government's ruling would be used as a basis to apply for political asylum in a third country for the Cambodian fugitives. He said that so far there had been no response from a third country willing to accept the fugitives. [passage omitted]

#### Editorial Urges Extradition

BK0301071795 Bangkok BANGKOK POST in English  
3 Jan 95 p 4

[Editorial: "Sin Song Must Be Sent Home To Face Justice"]

[FBIS Transcribed Text] Today, the Cabinet is expected to hand down a decision on what to do with Cambodian July coup leader Gen Sin Song and his band of followers. If strong speculation is correct, they will be freed to a third country and will be very merry men indeed.

It has already been decided that Gen Sin Song cannot stay in Thailand. His case is too politically sensitive. So he will either be allowed to escape under political asylum in a third country or he will be sent back to Cambodia, as requested by its first prime minister Prince Norodom Ranariddh.

Crunch time has come for the Government which has offered different points of view through various ministerial departments, which between them seem to be able to cater to the whims of all facets of social and political conscience. They can do so no longer.

And if the Government wants to avoid being accused of hypocrisy, it should send the coup leader back to serve

the 20 years imprisonment already imposed in absentia by his country's courts, regardless of the likelihood that King Sihanouk will offer Gen Sin Song amnesty as he did for his coup co-conspirator who stayed behind and went to jail.

"We fully support the Cambodian elected government," Prime Minister Chuan Likphai has repeatedly stated since Cambodia's "fair and democratic" election. He has been supported by a long list of ministers, including Foreign Minister Thaksin Chinnawat, who have toed the party line with ultimate gusto when denying involvement with or assistance to the Khmer Rouge. They were embarrassed and angered by international accusations that groups or individuals were helping the Khmer Rouge trade in Thailand and used the line to defend a fragile image seemingly teeming with paranoia. And perhaps a quote by former foreign minister Prasong Sunsiri has been forgotten: "Thailand recognises the elected Phnom Penh government. Therefore, we will have to respect its law."

But now according to tips leaked from inside government offices, it seems that ministries have decided to ignore the wishes of their "fairly" elected friend to protect the leader of a coup attempt. They will give Gen Sin Song an easy ride out of the country to a third country, left unpunished for a crime which has already been determined. To do so would be a timid cop-out, particularly considering a third country has not yet been found.

Mr Chuan and his team say the Cabinet today will decide whether the crime was political or criminal. The crime was certainly committed with ultimate political intent. During the overthrow attempt, Gen Sin Song was backed by an army and armoured vehicles. Perhaps Thailand may also wish to sweep the May 1992 bloodshed under the carpet by labelling the incident "purely political." It could not—and would not dare—do that.

Gen Sin Song's crime was committed with the intent to use force to dislodge Cambodia's democratically-elected government, which in turn would have disrupted the wishes of the people. The Prime Minister says he has read a transcript of the Cambodian court's decision to convict Gen Sin Song. The transcript would almost certainly talk about the 28 weapons and 21 walkie-talkies seized in houses belonging to Sin Song. It talks about his aim to create "public disorder" and "destroy national institutions."

On the day of the coup, between 200 and 300 soldiers were stopped about 30 kilometres southeast of Phnom Penh with 12 armoured personnel carriers and five military trucks. Ministry of Information spokesman Sieng Lapresse said at the time the objective of the attempted coup was to destroy national institutions and arrest key military officers.

The crime must be treated as such, which would leave little doubt in the minds of ministers which way they



should vote during today's Cabinet discussions. The evidence ministers have been waiting for is now before them. Should they further delay a decision, it would again portray an image of a government sitting on the fence without the courage to make a sensitive decision ultimately conducive to the freedom of people. Political diplomacy and an honest image is at the top of Mr Chuan's agenda as Premier. The only way to ensure it is upheld is to extradite the entire group of coup plotters so they can face the justice they deserve.

They were found guilty of a crime involving both political and criminal intent. Now they must pay the penalty as outlined in their own country's court—not a sympathetic ticket to freedom from Thailand.

### **Lao Request for Lower Tariff Under Consideration**

*BK0301101195 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 3 Jan 95 p 1*

[Report by Woranan Krongbunying in Vientiane]

[FBIS Transcribed Text] Thailand and Laos are trying to settle tax issues to further improve their relations soured in the past by border disputes.

Two lingering issues raised by Foreign Minister Thaksin Chinnawat on his recent visit to Vientiane were Thailand's proposal for an agreement eliminating double taxation and Laos' call for tax cuts on its agricultural exports.

Mr Thaksin told his Laotian counterpart, Somsavat Lengsavat, that Thailand was considering granting preferential tariffs on agricultural goods and wooden products to Laos.

"But Laos should understand that this issue is rather sensitive and Thailand must deal with it carefully," a Foreign Ministry source in the Thai delegation quoted Mr Thaksin as saying.

Thailand's International Economic Policy Committee last February 10 agreed to consider giving Laos special privilege rates on 16 agricultural products. Thailand had already cut rates from 30-40 per cent to no higher than 20 per cent on imports from Laos.

Laos told the Thai-Lao Joint Commission last September that Thailand should waive tax on its farm products or impose the lowest rate possible of no more than 5 per cent.

The major agricultural foods produced in Laos are rice—the most significant as more than 80 per cent of the total agricultural area is planted in rice—corn, other vegetables, tobacco, cotton, sugar cane coffee, tea and various beans.

In 1991, the Thai Government granted quotas for jute (2,000 tonnes), coffee (3,000 tonnes) and soybeans (5,000 tonnes) and gave rights to use Thailand as transit country for exports to third countries.

However, the Thai Ministry of Agriculture and Cooperatives later prohibited imports for November and December as it was harvest time for both countries. Laos owing to its lack of silos, could not store agricultural products beyond the harvest period to fill up its quotas. Thailand, meanwhile, had to import more of these products from other countries.

According to Naphadon Werawong, minister counsellor (commercial) in Vientiane, the decision on tariffs rests with the Finance Ministry, with recommendations from the ministries of Commerce, Foreign Affairs and Agriculture and Cooperatives.

"It's not an easy matter as we need to protect the country's interests," Mr Naphadon said. "The Agriculture and Cooperatives Ministry has to carefully consider the issue to avoid repercussions on our farmers."

But Mr Naphadon said if Thailand could help it should do so to boost relations with Laos.

Former deputy prime minister in the Anan government, M.R. Kasemsamoson Kasemsi, who used to be a permanent secretary for foreign affairs, had said the waiving of import tax would benefit Thailand as much as Laos, the Foreign Ministry source said.

"The quantity of products from Laos is not enough to damage Thailand's market. The reduction or waiving of import tax will allow Thais to buy Laotian products at cheap prices," M.R. Kasemsamoson was quoted as saying.

Thai businessmen could also gain advantages and invest more in Laos since they could be sure their goods produced in Laos would be available in Thailand market, M.R. Kasemsamoson said.

The source also quoted former finance minister Wiraphong Ramangkun as saying that helping Laotians to become more wealthy would be advantageous for both countries.

"If Laotians have one baht, they will spend 80 satang buying Thai products. We all benefit," Mr Wiraphong said.

The 1994 border trade across the Mekong River was worth about eight billion baht, more than half of which was "outside the system," the source said.

Somsavat once told a Thai diplomat this situation was a disadvantage for Thailand.

The source said Laos was not a member of the General Agreement of Tariffs and Trade but it was not against international trade rules for Thailand to buy the agricultural products from that country.

"Thailand in principle is able to lower tariffs to Laos as that country is landlocked and on the United Nations' list of the world's poorest nations," the source said.



**Prime Minister Chuan Issues New Year Message**

*BK3112152594 Bangkok Radio Thailand Network in Thai 1300 GMT 31 Dec 94*

["New Year Message to the Nation" from Prime Minister Chuan Likphai; place and date not given—recorded]

[FBIS Translated Text] Dear Thai citizens: On the New Year of 1995, on behalf of the government, I invite you to pray for the happiness and long life of their majesties the king and queen and members of the royal family. May the Buddhist Triple Gems and all sacred powers protect them and give them long life and happiness forever.

Dear Thai citizens, as the new year approaches, this is a good opportunity for us to look back and review the events. We can rejoice over our accomplishments, or study the mistakes made in order improve our performance in the new year. This is also a good opportunity to look ahead towards our goals set for the coming year. In my capacity as government leader, I would like to take this opportunity to make an assessment of our performance in the past year and set the goals for our country in the new year.

The year 1994, which is about to end, has been marked with positive changes worldwide which continued from the previous year. Although conflicts still exist in some areas, we can clearly see strong and persistent cooperation among the world people in their pursuit of peace in their regions and in the grouping of countries for the sake of economic and trade interests. As example is the economic cooperation among countries in Asia and the Pacific, and the establishment of the World Trade Organization.

Thailand should be proud of the contributions it made for those changes, which constituted an important factor for the economic expansion of Thailand itself at the rate of more than 8 percent. It achieved a record high export earnings last year—at more than a million million baht for the first time. Thailand has achieved a stable growth with the inflation rate being kept at below 5 percent. There is a tendency towards more diversification in terms of domestic economy as well as exports.

Our economic achievement was the fruit of cooperation among all sectors in the country. The government itself has adopted a policy of promoting economic prosperity and continuity. It has implemented measures to enhance Thailand's competitiveness and to ensure fair distribution of income and wellbeing among the people. This can be seen from major projects implemented during the past year to improve basic infrastructure, such as the construction of four-lane highways and double-track railways in suburban areas; the expansion of telephone lines, electricity, and tap water service; the financial and customs tariff reforms, monetary liberalization; the progress of international banking facilities and the export-import banking. The success in decentralization

of prosperity to rural areas can be clearly seen from the proportions in budget allocations and credit expansion, and the growing number of projects applying for promotional privileges from the Board of Investment, and the program carried out to assist the people with the lowest income, especially concerning land reform for agriculture and debt underwriting for farmers, and skilled labor development and welfare for the working people.

However, the quality of life of the people does not depend only on economic factors. The government upholds the principle of a balanced development, and, over the past year, it has allocated a huge budget for educational expansion to cover all people, including preschool and elementary education. It allocated budgets on school lunches and milk for school children. It also pursued expansion of public health service, and development of science and technology to solve the problem of local shortage. On the problem of environment, the government launched a program to promote reforestation in commemoration of his majesty the king, and construction of the waste water treatment system.

The government also pursued its political and administrative policies under the democratic principles. It has upgraded laws and proposed new major legislation, such as the laws on tambon councils and tambon administrative organizations.

Dear Thai citizens, although those achievements mentioned were recorded with satisfaction at a certain degree, we also experienced several obstacles and troubles in some other areas. There also were political conflicts and confusion, which are normal under a democratic system, but I tried not to let them block our way in solving national problems. At least, everything is going on under the rule of the country. I would like to let the government's achievements be the test of our system's strength. In certain cases of policy implementation, such as improvement of legislation pertaining to our political development, the solving of the traffic congestion, our performance seemed to be too slow. And in our efforts to push ahead the land reform program, which genuinely benefits the people in rural areas, we have made certain mistakes. On this, I promise to look at the problem and correct the mistakes. I pledge that the government will adhere to the democratic principles in seeing that the law is respected and that the enforcement of law is based on honesty.

Dear Thai people, in 1995 many changes are expected to occur in a continual manner and in accordance with the trends which we saw in the past year. I hope and am confident that many new things will happen that will benefit the country and the people.

From 1 January, all of you will celebrate the anniversary of the king's 50th anniversary on the throne. Also in January, if the parliament members approve the draft constitution amendments in the third reading, which will advance our supreme law to a new level, the government will accelerate reform of laws to support the amended



constitution to enable political organizations to develop to a better standard to conform with progress the country has achieved.

In national administration, I hope that the new salaries for state enterprise workers and government employees will give them moral encouragement that will result in greater efficiency in their services.

The government will carry out measures to enhance flexibility and modernization of the administrative system to be at a standard comparable with the private sector or international level.

In 1995 the Thai economy is expected to grow at a greater rate than in 1994, while the inflation will not increase. The government will have to work hard to make good use of the newly established World Trade Organization and newly implemented tariff rates to push ahead the Thai economy. It will explore trade and investment opportunities. It is in the process of setting the direction of the next national economic and social development plan and laying down strategies to enhance the country's ability to compete. It will push ahead the policy on decentralization of prosperity to improve the quality of life of the people.

In 1995 many new projects will receive earnest consideration and implementation, including the new city project recommended by the king, the mass transit projects, and the sport complex project to handle the Asian Games. The government will take initiative to create new life and education opportunities for our youths. It plans to set up funds for loans to poor students. The private sector will be encouraged to participate more in manpower development in schools and in skilled labor development.

Dear Thai people, the success of all this depends on cooperation and support from all sides. The government wishes to see participation by everyone in national development. I and the cabinet pledge to administer for the benefit of national progress and the happiness of the people in all circles.

On the New Year occasion, I and the cabinet invoke the power of the three gems and all sacred beings and the might of the king and queen to protect the people and endow them with happiness and prosperity in 1995 and the future.

Goodbye.

#### **Central Bank Governor Outlines Policies for 1995**

*BK0301081495 Bangkok BANGKOK POST in English  
3 Jan 95 p 15*

[Report by Butsaba Siwasombun and Sunrat Bunyaman]

[FBIS Transcribed Text] The monetary sector will play a key role in creating the conditions for continued economic growth, according to Bank of Thailand governor Wichit Suphinit.

Of the central bank's four main targets for 1995, the first is the maintenance of economic stability, with the emphasis on controlling inflation. Inflation needs to be low if the country is to maintain its competitiveness, Mr Wichit said.

The central bank intends to maintain the inflation rate this year at a level not higher than that of 1994; in other words, it will be capped at 5 percent.

The rate in some of Thailand's competitor nations such as Taiwan and Indonesia is as much as 1.4 percent lower than that of Thailand, he pointed out.

The second aim is to standardise the country's monetary system to enhance the domestic money market, so that it can serve local demand without depending on overseas money markets.

Mr Wichit said the authorities must open up the local money market to give access to foreign financial institutions, in order to comply with the requirements of the General Agreement on Trade and Services.

Complying with the requirements of GATT is only one factor, he said. The new environment of the global monetary system also forces the country to open its market.

The third policy is to help Thailand play an active role in developing other countries of the region such as Burma, Vietnam and Laos. Thailand will become a source of funds for investment in these countries, and the aim of the central bank is to make the baht a regional currency, Mr Wichit said.

The central bank aims to improve the living standards of these countries so that they can become markets for Thai exports, particularly those still engaged in low-tech production such as the manufacture of basic textiles.

But this does not mean local industries will not need to make adjustments. Thai industry, too, must apply higher technology to compete with other countries, because the country is losing its comparative advantage in labour costs.

Finally, the bank aims to develop new sources of funds for mega- investment projects. Among these sources, the debt instrument market will be of particular importance.

Mega-projects tend to need large amounts of funds for their development, and it is unlikely that local commercial banks will be able to lend sufficient funds. The central bank must develop low- cost sources of funds for these projects.

Mr Wichit said the central bank had favourable achievements to its credit in 1994, with the debt instrument market expanding to a capitalisation of more than 100 billion baht.

Regarding the opening of the domestic money market for foreign financial institutions, he said these would have to adjust in order to compete with foreign institutions.



The central bank also wants to encourage smaller financial institutions, including commercial banks, to merge, with incentives for banks which merge with other banks to put their banking licences on sale.

In the view of the central bank, such mergers are the most effective way for these institutions to strengthen themselves.

The Bank of Thailand will not impose any compulsory measures. It will allow the market to encourage small banks to merge voluntarily, providing them with incentives to do so.

After the merger, the two commercial banks involved will use only one licence. There will be another licence available, and it is likely that the Bank of Thailand will allow the banks to sell this leftover licence.

Mr Wichit said the qualifications of the buyer of the banking licence would be the same as those applicable for new licences or those of financial companies wanting to upgrade to commercial bank status. To protect the buyers, he added, only licences of banks with a sound financial position would be allowed to sell.

Where banks have excessive liabilities, the central bank will revoke their licences instead of permitting them to be sold. Otherwise, the buyers will have to shoulder heavy burdens, making them unable to run the banks efficiently.

This will be similar to the solution applied to the problem of the now-defunct Sayam Bank, he said. Sayam Bank was initially named Asia Trust Bank and was run by Wanlop Thanwanitkun (Johnny Ma).

It was taken over by the Bank of Thailand after the discovery that it possessed huge financial liabilities caused by alleged mismanagement and misappropriation of funds by Mr Wanlop.

After it was taken over, it was renamed Sayam Bank. Although the central bank sent top-rank officials to revive it, the bank's financial damage was too great for this to be possible. The Bank of Thailand thus decided to allow Krung Thai Bank to take over its assets and revoked its licence.

Mr Wichit said that besides the incentive to allow sale of the licence, the central bank would seek amendment to the laws concerned to enable merging banks to avoid double taxation.

He said it was necessary for smaller banks to merge to become stronger. Bigger banks are at an advantage because their unit costs are lower, making them more competitive.

Moreover, some small commercial banks are now even smaller than some finance companies.

All commercial banks are now public companies and have divested their ownerships to many shareholders under the public company law. Mr Wichit said this would make mergers easier.

"Executives of some small commercial banks have already discussed the possibility of merging," he noted but declined to name those banks.

The central bank will soon complete its Master Plan for Monetary Policies, in which obstacles to mergers will be eliminated. It is also planning the fourth step of foreign exchange deregulation.

The principle of this step will be relaxation, to allow easier access of low-cost funds for investment in the Southeast Asian region. This will be done through permission for joint-venture firms with some Thai shareholders to list their shares on the Stock Exchange of Thailand.

Mr Wichit said the central bank would permit only joint ventures where some shareholders are Thai, because the authorities would be able to check these joint-venture firms' positions through inspection of the status of their Thai shareholders.

Also to be implemented in the fourth step of deregulation is permission for financial institutions with foreign partners to underwrite securities in overseas markets, and then list these securities on the local stock exchange.

Mr Wichit said this would help local financial institutions gain experience in underwriting securities in foreign countries. It would be one of the major steps towards developing Bangkok as a financial hub of the region in the future.

As a financial centre, Thailand must be able to import funds and be ready to be a source of funds for other countries.

Mr Wichit said this would not affect the country's savings as Thailand would act as a channel for out-out transactions.

The other measure in the deregulation move is that the central bank will develop Bangkok as a centre for syndicated loans. Hitherto, almost all major syndications have been signed in Singapore.

In the first stage, the central bank will help develop Bangkok in readiness to serve out-in transactions, as demand is high. Later, out-out transactions will be developed.

## Vietnam

### End to U.S. Embargo Among Top Events of 1994

BK0101104495 Hanoi VNA in English 0552 GMT  
1 Jan 95

["Top Ten Events of 1994"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA Jan. 1st—  
Following are the top ten events in Vietnam:

1. The mid-term national conference of the Communist Party of Vietnam held in Hanoi from Jan. 21-25 defined



the orientation for socio-economic development of the country during the renovation process to achieve the goal of 'prosperous people strong country and a fair and civilized society'.

The rights and obligations of the working people are defined by the labour code approved by the National Assembly in May 1994.

2. Vietnam has managed to get out of its socio-economic crisis and registered a GDP growth rate of 8.5 percent.

In the first four years' implementing the 1991-95 five-year plan, average GDP growth rate stood at 7.8 percent (as against from planned 5-6 percent) economic targets for 1995 such as for the GDP, outputs of agriculture, industry, food, crude oil, cement and steel were achieved or even surpassed in 1994.

3. The Hoa Binh Hydro-Electric Power Plant with a capacity of 1,920 MW [megawatts] was completed. It began transmitting electricity to southern provinces on the Trans-Vietnam 500 kv [kilovolt] line.

4. Despite floods in the Mekong delta and submerged region in the Red River delta that caused damage to over one million tonnes of food, the country produced nearly 26 million tonnes of paddy, and exported over two million tonnes of rice.

5. The US Government lifted its embargo against Vietnam. The two countries made considerable progress in negotiations on bilateral relations, helping more foreign investment in Vietnam.

6. The 1,000 investment licence was granted, bringing the total foreign investment capital to over USD [U.S. dollars] 11 billion.

7. Broader diplomatic relations: Five heads of state, ten prime ministers, four parliament speakers and 100, ministerial level delegations visited Vietnam, a record figure over the past 50 years.

8. State President and General Secretary of the Communist Party of China Jiang Zemin paid an official visit to Vietnam, marking a new step in the development of the Sino-Vietnamese friendly and cooperative relations.

9. The Dai Hung (Big Bear) offshore oilfields, the second largest, began commercial production.

10. Tran Quang Ha won a gold in the taekwondo competition at the 12th Asiad in Hiroshima, Japan, the first since Vietnam took part in the games nearly 30 years ago.

### **Hong Kong Firms Cited for Copyright Violations**

*HK0201045595 Hong Kong SOUTH CHINA MORNING POST in English 2 Jan 95 p 2*

[From Greg Torode in Ho Chi Minh City]

[FBIS Transcribed Text] Vietnamese Prime Minister Vo Van Kiet has ordered that profits be seized from two Hong Kong companies involved in cigarette production in Vietnam. Mr Kiet has instructed Vietnam's powerful Interior Ministry to join the Finance Ministry and the Ministry of Science, Technology and Environment to consider "disciplinary and administrative measures" against the companies.

The Post understands that one of the companies is also under close watch for other possible copyright infringements, having legally registered a string of big name foreign brands, some spelt slightly wrongly, with the Vietnamese trademark office. Mr Kiet claimed that the two local firms had "voluntarily connected themselves in this illegal trade".

What is not clear is how effectively Vietnam could get the money, particularly if the companies have left the country, and who would receive any proceeds. Copyright infringements are usually the subject of civil hearings between companies, rarely involving the Government.

It is understood the British Embassy has been monitoring the case, but has yet to intervene or request clarification from the Vietnamese Foreign Ministry. The embassy considers the case sensitive, and would only become involved if approached by either company.

The case follows successful action earlier this year by Marlboro manufacturers Philip Morris to stop production by alerting Hanoi officials. Chief manager for Philip Morris (Asia) Michael Quirk met the Government in July. At the time Philip Morris was negotiating with the Vietnam Tobacco Company for a joint-venture manufacturing deal of its own. A contract has now been signed.

Meanwhile, Do Khac Chien, director of international relations at the National Office of Industrial Property, confirmed that a company had registered many trademarks for several years over which doubts had emerged. Several have been taken off the register. A number of well-known marks are listed under the name of the company, apparently looking for spelling mistakes to put them in the clear when Vietnam's fledgling consumer market takes off.

### **Nong Duc Manh Meets ROK Parliamentary Delegates**

*BK2912150294 Hanoi VNA in English 1358 GMT 29 Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec. 29—Chairman of the National Assembly Nong Duc Manh received here this afternoon the visiting delegation of the South Korea-Vietnam Parliamentary Friendship Association.

The chairman welcomed the visit as a vivid manifestation of the two countries' friendly and cooperative relations which he said, are developing fruitfully since



the establishment of the diplomatic ties two years ago. He also expressed his wish that Vietnam and South Korea with many similarities in history and culture will share experience in socio-economic development and national construction.

The delegation leader, Mr. (Nam Chae-du), for his part, wished to contribute to promoting the association's activities to tighten and broaden the friendship and cooperation between the two countries and the two legislatures.

### **ROK Parliament Members Conclude Visit**

*BK0101144095 Hanoi VNA in English 1336 GMT  
1 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 1—A delegation of the Republic of Korea-Vietnam Parliament Members' Friendship Association led by Mr. (Nam Chae-du) left Ho Chi Minh City today, ending a week-long visit to Vietnam.

While here, the South Korean delegation paid a floral tribute to President Ho Chi Minh at his mausoleum.

The delegation met with head of the National Assembly Commission for External Relations Mr. Hoang Bich Son and President of the Vietnam-ROK Friendship Association Mr. Doan Duy Thanh and the leadership of the peoples council and the peoples committee of Ho Chi Minh City. During the meetings, Mr (Nam Chae-du) expressed his pleasure at the important achievements recorded by the Vietnamese people in their national construction, and he said he highly appreciated the economic and trade cooperation between Vietnam and ROK businesses. He expressed his wish for the further consolidation and development of the friendly and cooperative relations of the two countries.

The delegation visited some socio-economic establishments in Hanoi and Ho Chi Minh City.

### **Le Duc Anh Receives President of Daewoo Group**

*BK0101143595 Hanoi VNA in English 1336 GMT  
1 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 2—President Le Duc Anh received here this morning president of the Daewoo Group of South Korea, Mr Kim Wu-Chung now on a visit to Vietnam.

At the reception, President Le Duc Anh said he believed that the joint venture projects between Vietnam and the South Korean economic groups in general and the Daewoo Group in particular would continue developing firmly and effectively, thus making contributions to the further promotion of the friendship and cooperation between the Vietnamese and Korean people.

For his part, Mr. Kim affirmed Daewoo's wish to do its best to promote its investment so as to implement its

joint venture projects with Vietnam in the fields of industrial production and services.

### **Relations With CIS, Eastern Europe Reviewed**

*BK3012144294 Hanoi Voice of Vietnam Network in  
Vietnamese 1430 GMT 29 Dec 94*

[Article by Le Thanh Van from 29 December NHAN DAN: "New Features in the Cooperation Between Vietnam and the Countries of the CIS and Eastern Europe"]

[FBIS Translated Text] Although the new stage in our relations with the countries of the Commonwealth of Independence States and Eastern Europe began about five years ago, these relations have undergone numerous acute ordeals due to serious upheavals in these countries. Reviewing events during this short period of time, we can see that our relations with these nations have gone through two major stages.

The first, from 1989-92, was the stage of stagnant relations. This is because the former Soviet Union played the main role in economic relations with Vietnam. During the 1981-85 period, the two-way trade value was 5.7 billion rubles. This increased to 9 billion rubles during 1986-90. The Soviet market consumed 50 percent of Vietnam's total exports while Vietnam imported all of its strategic [chiens luowocj] items from this country. When the Soviet Union collapsed, access to the vast Soviet market was reduced for Vietnamese goods. As a result, in 1991 Vietnam's export value to this country was only 7 percent of 1990's figure. It was even less in 1992. Our export value to the CIS states also declined. The main cause was the social debacles in these states, which required their leaders to devote all their time and energy to resolving various internal issues. Thus, they had less time to promote relations with foreign countries, especially economic cooperation with the nations of the world in general and with Vietnam in particular. During this period these states experienced economic recession and a decline in production. As a result, they could not sign economic agreements or contracts with other nations. Moreover, due to the changing pattern of bilateral relations, both sides needed more time to adjust their cooperative structures to suit the new situation.

The second stage, from mid-1992 to the present, is the stage of gradually restoring and developing bilateral cooperative relations. Realizing the significance and the necessity of maintaining and developing cooperative relations with the countries of the CIS and Eastern Europe both now and in the future, Vietnam has sent many high-level delegations to various countries in the CIS and Eastern Europe over the past two years. These were the visits by Foreign Minister Nguyen Manh Cam to the Russian Federation, Ukraine, and Belarus in October 1993 and to Kazakhstan and Uzbekistan in February 1994; and the visits by Deputy Prime Minister Tran Duc Luong to the Russian Federation, Ukraine,



and Belarus in July 1992 and to a number of East European countries such as the Czech Republic, Slovakia, Hungary, Poland, and Romania in October 1994. Noteworthy is the official visit by Prime Minister Vo Van Kiet to the Russian Federation, Ukraine, and Kazakhstan in June 1994. In return, the leaders of some CIS and Eastern European countries have paid various official visits to Vietnam in the recent past.

Agreements reached during these exchanges have played an important role in strengthening mutual understanding while accelerating economic cooperation for mutual benefit. The trade value between Vietnam and these countries during 1991-92 was still minimal, however. It was not until 1993 that the trade value reached \$300 million. Nevertheless, this figure still does not represent the potential of the two sides.

We hope and are confident that relations between Vietnam and the countries of the CIS and Eastern Europe will be increasingly strengthened and developed, thereby meeting the interests of Vietnam and the people of these countries. Thanks to the existing fine traditional relationship, both sides want to develop their economic relations and restore the markets for their goods. In Vietnam, most industrial establishments were built with assistance from the former Soviet Union and East European countries. As a result, Vietnam needs cooperation from these countries in order to use and develop these establishments effectively. Moreover, we have a large contingent of cadres and specialists in various areas who were trained and educated in the former Soviet Union and East European nations. They speak the languages and understand the customs of these countries. At present, many Vietnamese businessmen are engaging in some kind of trade in these friendly nations, thereby helping to promote market economies there. These people are a significant force that will contribute to carrying out various measures to strengthen and expand bilateral cooperation effectively.

While enjoying the various favorable conditions, we should recognize the unfavorable factors in bilateral cooperation. It can be said that Vietnam and these countries are facing numerous difficulties in their economic development programs. For this reason, we have a limited capability to support one another, especially in providing loans, improving and perfecting the cooperation mechanism, and so forth. Moreover, various countries in the CIS and Eastern Europe have also implemented open-door economic policies; thus their markets are flooded with foreign goods. Given this situation, if Vietnamese producers and businessmen do not promptly improve their production techniques, change the design of their goods, and improve their product quality, it will be very difficult for Vietnamese goods to compete with those of other nations.

In summation, if we want to develop cooperation with the countries of the CIS and Eastern Europe effectively, we must foresee and strive to overcome the unfavorable

factors while actively developing and optimally exploiting the favorable conditions. To continue effective implementation of the renovation undertaking in order to achieve national industrialization and modernization, we must make greater efforts to carry out triumphantly the domestic and foreign policies set by our party and state. Efforts to maintain and develop relations of friendship and cooperation with the countries of the CIS and Eastern Europe are a significant part of our foreign policy.

### **Laos Agrees to Ideological, Cultural Cooperation**

*BK0301145695 Hanoi VNA in English 1409 GMT  
3 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 3—Laos and Vietnam have agreed to promote ideological and cultural cooperation in 1995.

The cooperation agreement was reached at the end of a recent visit to Vietnam by a Lao delegation headed by Osakan Thammatheva, member and head of the Information and Training Commission, of the Lao People's Revolutionary Party Central Committee, and minister of culture.

During its stay here in late December, the Lao delegation held talks with a delegation of the Communist Party of Vietnam Central Committee's Ideological and Cultural Commission led by its head Mr Ha Dang. The two sides briefed each other of the activities and implementation in 1994 of the two countries' cooperation documents in this field.

The Lao delegation also had working sessions with senior officials of the Ministry of Culture and Information, the Institute of Marxism-Leninism and Ho Chi Minh's Thoughts, the party daily, NHAN DAN, and visited a number of social, economic and cultural establishments in Hanoi, Haiphong port city and Quang Binh Province.

It was received by Dao Duy Tung, Politburo member and standing secretary of the party Central Committee.

### **Minister Notes 1994 Foreign Relations Highlights**

*BK0301084595 Hanoi VNA in English 0731 GMT  
3 Jan 95*

[FBIS Transcribed Text] Hanoi VNA Jan. 3—Foreign Minister Nguyen Manh Cam has claimed 1994 marked a historical turning point in Vietnamese foreign relations. He highlighted the continued improvement in relations with China, the progress in relations with ASEAN leading to full membership later this year, the lifting of the American embargo and Vietnam's integration with global and regional economic organisations as perhaps the most significant events.

Mr Nguyen Manh Cam quoted by VIETNAM NEWS as pointing to the visit of China's leader Jiang Zemin last year as an illustration of how effective the year's diplomatic activities were for Vietnam. 'Thirty years ago, Liu



Shao Qi visited Vietnam as head-of-state, but this time Jiang Zemin arrived as both the head-of-state and Communist Party secretary, the all-round leader of China' he said. 'That's why it was a very significant event in the history of relations between the two countries'.

Both sides agreed to establish cooperation in all areas, undertook to refrain from force or the threat of force with respect to disputed territories, including the Eastern Sea [South China Sea], and to respect each other and abide by international law. 'These are the principles on the basis of which all levels and branches on both sides will settle all outstanding issues'.

Regarding relations with the ASEAN, Foreign Minister Cam said that Vietnam's move to become a full member of ASEAN over the the past year came after 10 years of confrontation, improved relations in 1991 and observer status in 1992. The conference of ASEAN foreign ministers are scheduled in July this year to decide on Vietnam's admission.

The third prominent foreign relations action of the year was the lifting of the trade embargo against Vietnam by the U.S. President, the result of a process of mutual and common effort, Vietnam's foreign minister described the decision as playing a catalytic role in ASEAN-Vietnamese relations and created favorable conditions for cooperation between Vietnam and the rest of the world.

But last year saw Vietnam making great strides with international organizations, Vietnam has become an associate member of the Pacific Economic Cooperation Council and is actively participating in the Pacific Basin Economic Cooperation Council. It is also preparing to join the Asian Pacific Economic Cooperation as an observer. Vietnam has also become a full observer of the General Agreement on Trade and Tariffs and is preparing to join GATT as a full member, and later join the World Trade Organization. 1994 has also seen the implementation of agreements with international Financial organizations to assist Vietnam improve its economic and social infrastructure. In November, the Paris Conference on Financial Assistance to Vietnam undertook to grant loans worth USD [U.S. dollars] 2 billion.

#### **Japan Grants \$30 Million in Economic Aid**

*BK0101111295 Hanoi Voice of Vietnam in English  
1000 GMT 31 Dec 94*

[FBIS Transcribed Text] The Japanese Government is granting Vietnam \$30 million nonrefundable aid to support the readjustment of economic structure and to reduce its budget difficulty. This is part of the Japanese Government's official development aid for Vietnam in the 1994 fiscal year.

#### **Singapore Leads Foreign Investors in 1994**

*BK0201130695 Hanoi Voice of Vietnam in English  
1000 GMT 2 Jan 95*

[FBIS Transcribed Text] Singapore ranked first in foreign investment in Vietnam in 1994 with a total capital

investment of \$600 million. According to the Vietnam State Committee for Cooperation and Investment, following the visit to Vietnam by Singapore Prime Minister Goh Chok Tong in March last year, Singapore businessmen have invested in 29 projects.

#### **Problems With Joint-Venture Contracts Examined**

*BK3012152694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 Dec 94*

[FBIS Translated Text] In a recent issue, NHAN DAN carries an article by Hoang Coc entitled: The Multilateralization of Foreign Economic Relations—A Noteworthy Thing.

The author says: The multilateralization of foreign economic relations is a strategic goal designed to create the conditions for Vietnam to integrate rapidly into the world economic community. This is the correct course of action. In reality, however, many establishments have lost their independence and autonomy in production. After signing joint venture contracts, these establishments have been manipulated by their partners when it comes to the marketing products and transferring technology. Many Vietnamese economic organizations have established joint ventures with various economic organizations from many countries. Judging from the origin of the capital provided, though, they are doing business with only one country. It is an awkward situation. They do not dare to break their contract for fear of being blamed for lacking goodwill in investment cooperation, but their business will be unproductive if they continue with the joint ventures.

The author concludes by asking Vietnamese producers and businessmen to pay attention to the origin of capital for investment cooperation if they want to create a multilateral position for Vietnam's foreign economic relations.

#### **Investment Licenses Granted to Foreign Companies**

*BK0201122795 Hanoi Voice of Vietnam in English  
1000 GMT 2 Jan 95*

[FBIS Transcribed Text] Vietnam has granted licenses to over 700 companies from 44 countries and territories to invest in Vietnam with a total capital of over \$3,500 million. The investment is mainly in the three main economic centers of Hanoi, Haiphong, Quang Ninh in the north; Danang and Hue in the center; and Ho Chi Minh city, Dong Nai, and Vung Tau in the south. Seventy percent of the investment is on material production. In 1994, total investment capital increased 20 percent over 1993.

#### **Government Issues Decision on Imported Goods**

*BK0301094095 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Jan 95*

[FBIS Translated Text] The government has recently issued a decision on imported goods and the management of the import-export work in 1995.



According to the decision, from March 1995 to March 1996, the country will export about 2 million tonnes of rice. Imported goods will include: gasoline and kerosene at 4.8 million tonnes, fertilizer at 1.3 million tonnes, and medicine, black cement, and sugar.

Imports of motorcycles are allowed up to 350,000 units, including 170,000 completely pre-assembled units. The remaining imported units will be assembled in Vietnam.

Regarding the importation of cars and used motorcycles in 1995, the Ministry of Commerce has to draw up plans to submit to the prime minister for approval. The price of used imported goods—which is used to calculate the payment of imported tax—is 70 percent of the brand new ones.

#### **Agricultural Bank Faces Foreign Audit**

*BK0301142295 Hanoi Voice of Vietnam in English  
1000 GMT 3 Jan 95*

[FBIS Transcribed Text] The Vietnam Agricultural Bank is to become the first local bank to face an audit by overseas accountants as part of plans to bring the financial system up to international standards. The long-term aim is to allow the bank to draw funds from abroad into the agricultural sector, which so far has attracted little in the way of foreign investment.

#### **Finance Ministry To Handle Investment Management**

*BK0301054595 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Jan 95*

[FBIS Translated Text] The Investment and Development General Department under the Ministry of Finance on 2 January starts functioning with specific duties as assigned by the government.

The most important duty of the General Department is to assist the finance minister, who will be responsible for state management authority on finance, investment, and development. The General Department will carry out research on policies and regulations, conduct consultations with other state agencies on policies, short and long-term planning related to investment of the state. The General Department will assess projects in financial terms, participate in the process of qualifying and selecting contractors and bidders for investment projects with designated sources of investment, and make submissions to the authorities concerned on necessary policies and resolutions that help heighten efficiency of state capital investment management.

The second most important group of duties of the Investment and Development General Department is to generate state investment capital budget, allocate and withdraw privileged state credits to projects, targets, and programs in accordance with decisions by the government.

The General Department has received, as transferred by the Investment and Development Bank, an amount of about 15 trillion dong in addition to the annual budget allocation for its operations and the privileged credit capital, together with instructions on effective management of these amounts.

#### **Vo Van Kiet Finalizes Major Foreign Projects**

*BK0301142195 Hanoi Voice of Vietnam in English  
1000 GMT 3 Jan 95*

[FBIS Transcribed Text] Prime Minister Vo Van Kiet will finalize major foreign investment projects in an effort to expedite government bureaucracy, while bids for other important major projects will be managed by the National Committee for Procurement Evaluation. Vietnamese officials are determined to maintain an annual growth rate of 8.5 percent and double the per capita income by the next century.

#### **State Planning Commission Discusses 1995 Tasks**

*BK0301142995 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 3 Jan 95*

[FBIS Translated Text] The State Planning Commission held a conference with representatives of ministries, sectors, and general departments at the central level on 3 January in Hanoi to discuss measures to implement the 1995 socioeconomic development program and to supervise the formulation of the 1996-2000 five-year development plan.

Representatives from these ministries, sectors, and general departments presented their ideas and measures to be taken by their agencies to satisfactorily carry out the 1995 socioeconomic tasks.

#### **Vo Van Kiet Meets Leaders of Workers Group**

*BK0301054895 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Jan 95*

[FBIS Translated Text] Implementing government regulations on working relations between the government and the Confederation of Vietnamese Workers, Prime Minister Vo Van Kiet and Deputy Prime Minister Phan Van Khai held a working meeting on 31 December with Nguyen Van Tu, Hoang Minh Chuc, and Nguyen An Luong, chairman and vice chairmen respectively, and some other members of the presidium of Confederation of Vietnamese Workers. Also attending the meeting were the minister chairman of the State Planning Commission; ministers and deputy ministers of Ministry of Labor, War Invalids and Social Welfare; Finance; State Organization and Personnel Commission; and government head office.

On behalf of the Confederation of Vietnamese Workers' Presidium, Comrade Nguyen Van Tu briefed the conference on results of workers mobilization work in 1994. He stressed that despite heavy floods causing serious damage in various localities, members of the workers



confederation nationwide have strived tirelessly under the resolute and effective management and leadership of the government to contribute their part in the important achievements of the renovation undertaking in all areas of socioeconomic, security, and national defense. The results have boosted confidence of the workers contingent in the leadership of the party and government in the renovation process.

In the past year the working coordination between the trade union organizations and administration authorities at all levels based on government regulations that stipulate working relations has become more effective than ever. For its part, the Confederation of Vietnamese Workers has actively contributed to the implementation of legal policies in organization and mobilization workers to carry out duties assigned by the state including the role of representing the laboring mass.

In the meeting Comrade Nguyen Van Tu also raised some suggestions related to the relationship between the government and the confederation; the coordination between the confederation and administration at various levels in organization and mobilization of workers at the present stage; the care for interests of laborers including employment, livelihood, labor protection, and social security; the participation of the confederation in the fight against social vices; and so forth.

Speaking at the conference, Prime Minister Vo Van Kiet praised the confederation for tackling a number of practical issues in the relationship between the confederation and government, and pointed out that under the leadership of the party, the most essential requirement is that the government and mass organizations, one important group of which is the confederation, should cooperate and coordinate their activities to create a momentum for mobilizing and encouraging all laboring people to contribute to the national construction. Taking care of the working people is the duty of both the state and trade organizations. All trade organizations, while caring for the interests of laboring people should also care about education and mobilization the laboring people to fulfill their responsibilities and obligations to the state. On the other hand, the state has the responsibility in building the party and mass organizations at the grassroots level in all business establishments of all types and formations, to develop the right of mastery of workers.

The prime minister also stressed that the primary issue in employment for working people is working out effective award policies that enable all manpower sources, domestic and overseas alike, to be mobilized through employment-creating projects. Trade unions should propose social allowance policies, workers rights protection in business establishments, and measures to fight social vices to the state. Trade unions should also actively participate in the campaign to reform national administration system in which short-term objectives would be

restructuring business establishments, supporting state business establishments so that they would stand firm and develop rapidly, and developing the structure of worker representatives participating in management councils in major business establishments such as the conglomerates that the government is in the process of forming. Trade unions should be genuine representative bodies that protect workers interests in joint venture business establishments with foreigners and in establishments with 100 percent foreign-invested capital operating in Vietnam.

#### **Le Duc Anh Tours Thanh Hoa Province**

*BK3012145594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 Dec 94*

[Report by Truong Cong Hoa]

[FBIS Summary] "Dear friends: President Le Duc Anh paid a working visit to Thanh Hoa Province from 27-29 December," during which he "toured the Lam Son Sugar Refinery, the Lam Son Sugar Company, the Muc Son Paper Mill, the Bim Son Cement Company, and the Thanh Hoa Province Boarding School for Ethnic People. He also visited various military units in the province."

"President Le Duc Anh was pleased to note that since implementing the party's renovation process in 1991, Thanh Hoa has made much progress. The province's economy has become stable and has developed. Its annual gross social product has increased by 6.15 percent while the per capita annual output value has reached \$191. Its grain output rose to 1 million tons in 1993 and stood at nearly 1 million tons this year despite repeated natural calamities. Its local industrial output has increased 8.9 percent per year. Its material and technological infrastructure needed for production has been increasing."

The province has completed transferring the right to long-term land use to peasants and is accelerating the transfer of forestry land to organizations and peasant households for management and business.

"The people's livelihood has visibly improved—70 percent of villages and over 58 percent of households have been linked to the national power grid and roads have been built to 96 percent of the villages in the province."

Addressing Thanh Hoa's leaders, President Le Duc Anh praised the party organizations and people of Thanh Hoa for their achievements, saying: "I am very pleased with what I have seen and heard during this visit. Thanh Hoa has developed its revolutionary tradition and is surging forward to build itself into a prosperous and beautiful province. It is important and very encouraging that the unity of the local party organization, administration, and people has been satisfactorily fostered. This has helped strengthen the stability of the province."



During his talks with the leading comrades of Thanh Hoa Province, "President Le Duc Anh raised many questions as to how the alliance of workers, peasants, and intellectuals had implemented the party Central Committee's fifth and seventh plenum resolutions. He also asked questions about the renovation of administrative procedures and the popularization of compulsory elementary education."

At the Lam Son Sugar Company, the president heard Comrade Le Van Tam, director of the company, report on the efforts made by his company to help peasants build a sugar cane growing area. The president also heard a briefing by Mr. Trinh Xuan Phuc, a sugar cane grower from Tho Xuong village, on the rapid growth of the Lam Son sugar cane growing area.

"President Le Duc Anh took note of a proposal from the leaders of the province to develop the local road network. As a large and densely-populated province, Thanh Hoa needs to build hundreds of bridges, including two across the Chu and Ma Rivers."

At the Bim Son Cement Factory, Le Duc Anh was pleased to note that "the factory's 1994 output reached 1.28 million tons of cement."

At Lan Kinh, Le Duc Anh offered incense at King Le Loi's temple and signed a visitors book. He said: "King Le Loi made our Vietnamese people proud. Younger generations must be forever grateful to him and must follow his indomitable example to preserve national independence and freedom and build a prosperous and powerful Vietnamese fatherland."

Comrade Nguyen Van Tu, secretary of the province party committee, pledged on behalf of the party organization, people, and armed forces of Thanh Hoa that Thanh Hoa will remain united in implementing the party's renovation process, carrying out socioeconomic development, and building an increasingly prosperous and beautiful province and a equitable and civilized society.



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